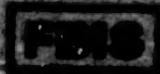


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West Europe Report

No. 1549



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THEATER NUCLEAR FORCES

FRANCE

DEFENSE SEEN BASED ON TACTICAL NUCLEAR FORCES

Paris DEFENSE NATIONALE in French Dec 79 pp 29-41

[Article by Col Marc Geneste: "From Anticity to Antitroop, For a Genuine Nuclear Defense"]

[Text] [Editor's note] Col Geneste is not unknown to our readers: From his earlier articles, they know that this officer--now retired--has always been interested in the problems of strategy and the use of nuclear weapons. His ideas are rather close to those of certain American atomic scientists at the Los Alamos research center, who wish to endow their nation with a "War Fighting Capacity" (the capability to effectively wage war, whether classic or nuclear). Indeed, he shares with them the dissatisfaction at seeing defense rest solely on deterrence by the specter of anticity reprisals, rather than on an effective defense capability utilizing the devastating power of the atom on the battlefield.

With regard to our country, Marc Geneste believes that its defense could be ensured if we considerably expanded our tactical nuclear forces by equipping ourselves with reinforced radiation weapons. Being thus able to confront the aggressor with a barrage of neutrons which would be lethal only to the attacking forces, armored or not, we would thereby be employing a real military deterrent with respect to any potential invader.

This viewpoint is essentially unorthodox with regard to the doctrine on which the make-up of our forces is based. It is indeed known that "we totally reject the possibility of a prolonged classic or tactical nuclear combat" and "this is why the number of our tactical nuclear weapons has remained, and will continue to remain, limited."

(Speech by Raymond Barre on 18 Jun 77 at Camp de Mailly).¹
In fact, the deployment of nuclear weapons by our armed forces aims only at inflicting on the adversary, by a brutal and massive knockout punch, "a final and solemn warning" which we do not expect to repeat because we have neither the operational space nor the means to foresee doing so.

In addition, as will be seen from reading Marc Geneste's article, he makes a clearcut proposal to defend our land by a sort of "nuclear Maginot Line" or rather a "nuclear Verdun." Even ignoring the a priori reservations which any return to a static and linear concept of defense should evoke, the installation of this nuclear barrier, assuming we are capable of doing it and that its effectiveness is proven, would pose political, psychological and moral problems which cannot be untangled: for example, where to put this barrier in relation to our borders? How to get the people in the line of fire to accept it? Who would control the use of these tactical nuclear weapons, a use which must absolutely remain limited and selective lest we run the risk from the outset of a generalized nuclear war? And so on.

The upshot of all these factors is that the journal DEFENSE NATIONALE in no way supports the position of Marc Geneste and will soon publish a differing opinion. However, we believe that, by encouraging reflection on the matter, it is worth being reported in order to be included in the record of the debate begun several months ago in the press on the problem of defense. This debate is proof that the French are interested in their defense, and one may hope that the ultimate result will be a better comprehension by the public of what the real options are which we will be faced with in the coming decade for making our defense structure continually more effective.

How can we profit from the reorganization of our land and air forces now being completed, so that they will have a defense capability such that, by their own existence and by an appropriate doctrine for their deployment, they will discourage any attempt at invasion of our soil, without our being obliged to hide behind the specter of nuclear holocaust which, for lack of anything better, has remained for a long time the basis of deterrence?

¹Full text in our Aug-Sep 77 issue.

How to go from the "shot across the bow" of the tactical nuclear weapon, herald of an apocalypse from which it claims to draw its deterrent virtues, to the certitude of a knockout blow so brutal that none would dare to provoke it?

Is this an undertaking which exceeds our means--not to mention those of NATO, which if they were correctly organized and especially if deployed to serve an adequate doctrine, would be quite sufficient indeed? This is not utopian in any case, and we would like to show that France, even if reduced to its forces alone, can henceforth make a move to reinforce deterrence with the certainty of an effective defense.

We know what is involved in the reorganization of our land forces now being completed: restructuring our major units to form the 1st Army on the basis of eight armored divisions each with 7 to 8000 men and 500 armored vehicles, of which 150 are battle tanks, divided into three army corps. Backup support for this armored force is provided by forces held in reserve consisting of seven infantry divisions of 6500 men each to which is added, in the event of general mobilization, 14 divisions formed of academy and reserves personnel. All this is supported by Plutons and by Tactical Air Forces (FATAC), especially by Jaguar A and Mirage III E aircraft, some of which are equipped with AN 52 M tactical nuclear weapons.¹

This is not inconsequential, and even though our G.U.'s (major units) are in reality "little divisions" each of which is smaller in troops and equipment than a Warsaw Pact division, the entirety forms one of the most valuable combat instruments, flexible, mobile and which one can believe will accomplish its mission without failure.

And just what is its mission? The report of Jacques Cressard of the Finance Committee to the National Assembly for the presentation of the 1979 budget² makes no mystery about it. They are to:

--engage along the north-northeast in the Center-Europe theater or on the other frontiers;

--provide coverage of the territory.

In the event of limited aggression, "the response should only require commitment of a volume of forces which is itself limited...by decision of the government..."

¹Ed. note: Five air force squadrons (75 planes) will be able to launch this weapon in 1981.

²Report no. 570, Appendix no. 53, Volume I. Defense. General considerations and capital expenditures. p 121.

Speaking of the "case of general aggression aiming at the submersion of Europe," the report's author cites the following items which were supplied to him at the Ministry of Defense:

"The geographic position of our country in the second echelon of NATO and the French refusal to man a battlement in the advanced structure of the alliance, allows the French Government to commit its forces only at the moment and in the direction that it believes the national territory to be gravely threatened. Our classical forces would then have the mission of repelling the adversary or forcing him to commit himself at a level which would clearly reveal his intentions and, by so doing, give the government the necessary time for making its decision embodying its determination to go it all the way and to resort, if necessary, to nuclear weapons." And the report author adds, "In fact, if our air and land forces had to face an enemy which had overrun NATO, there is strong reason to fear that, no matter what the volume and level of their conventional armaments, the chief of state would be very quickly obliged to use the tactical nuclear weapon."

"It is this weapon, as well as a very solid and very reliable environment, that we must work toward, rather than creating infantry divisions which, even strengthened, would still be only a trivial factor in case of a major crisis in Europe."

That's perfectly clear. But one can even go much further: if resorting to the nuclear weapon is itself only a fleeting prelude to the engagement of strategic forces, then it must be expected that, faced with some sixty enemy divisions,¹ themselves supported by nuclear firepower, we would find ourselves very rapidly driven to the decision committing the life, or rather, alas, the death of the nation...Hence the question which we take the liberty of asking: Isn't there some way, in order to take full advantage of the reorganization which we have been conducting, to endow our forces with a genuine nuclear interdiction capability, so that we are not reduced to such lamentable extremes? For example, could one not succeed in removing any hope of victory from the invading land forces? In other words, proceed not in such a way that the enemy cannot destroy us--he can always do that, even if he endures terrible ravages himself--but to deprive him of the fruit of his victory in ways other than by the perspective of ruling over a territory in ashes?

We are going to see that this objective is no longer inaccessible and that we can show the enemy an overall deterrent structure with no holes in it, something which is not the case presently, where there could remain some doubt as to our will to imitate the people of Saguntum who threw themselves into the fire rather than surrender to Hannibal.

¹That is approximately the total of the divisions that the Warsaw Pact could commit on the Center-Europe front.

It is strange that one denies the tactical weapon those deterrent virtues which one sees with no difficulty in the strategic scarecrow inherited from Hiroshima. Why do we so easily admit that it is possible to deter the adversary by brandishing a bogeyman whose terror would finally crash down on ourselves and why do we doubt that he would forfeit the match if he was certain that he could not gain, by the victory of his land forces, the dividends of his aggression? Is it more realistic to try and bluff him--at the risk of fooling ourselves--by threatening his civilian populations, than to try and crush his armies if he engages in military adventurism? I am afraid that that is a heritage from the beginning of the atomic age, when the only strategy possible, and moreover without risk at the time, was that of massive reprisals. If we adopted it when our nuclear force was still in its infancy, so be it. The choice of nuclear terrorism was based then on a calculation of the risk and the bet which was not without value--and this certainly has not been voided with time. But the important point is this, something which drawingboard strategists all too often overlook: it is in the mind of the adversary that the result of the risk/bet ratio must be far greater than one, because it is not ourselves but rather the adversary that has to be convinced, and deterrence is not an object that one pockets once and for all like some gadget. And who can know how the antagonist is evaluating the terms of the inequality? Who can say, for example, that having strengthened his civil defenses, he will not be inclined to think that he can reduce his human losses to a level that he judges tolerable? Who can say what probability and what credibility he attaches to the possibility of a strategic response to his land aggression, a response which would be suicidal for the victim. Who can say what value he places on the bet? Who can say whether behind the value of the bet that France and the domination of Europe represents there is not, in fact, a different crucial objective for him: that of victory in a world war, and the survival of the homeland of socialism? Who can tell us that that goal is not worth in his eyes the risk of an enormous poker game, especially if he is assured that one of the players--the strongest one--will not intervene...or at least will limit his intervention without placing his life in danger?

The purpose of these questions is only to show how deeply impregnated with subjectivity the calculations of risk and wager actually are, and that it is therefore not impossible that the adversaries will come, at the bottom line, to a different result in their calculations. From there, say that one of them finds a ratio value of less than one...and the firing starts. No doubt the aggressor wouldn't just send it off on a whim.

I understand, of course, that at the beginning we had no other means of making a potential aggressor stop and think except the threat of a terrible punishment. And once again this still has a distinct value. In 1972, when the Defense White Paper assigned to Pluton the role of a warning, of a "shot across the bow" before the anticity holocaust, the means dictated the adoption of the only possible doctrine: we could not, with limited resources, particularly the fissionable material mortgaged for the priority needs of

the Strategic Forces, offer ourselves anything better than a few dozen tactical nuclear weapons. But to stay there now is no longer satisfactory. To freeze the potential at this stage, erect as a definitive doctrine something which should only have been a temporary palliative, limit perhaps (?) the work of the technicians to only the needs of this strategy of the moment,¹ would condemn our deterrent system to a dangerous stagnation in a world which is continually changing. Because limited to a simple warning, the engagement of the tactical nuclear weapon does not lessen the possibility of failure of deterrence. It would be better to help ensure this in a more effective manner than to become involved in the risky necessity of re-establishing it. One of course claims that we would inflict a brutal knockout blow on the aggressor...But for how long? Once our last nuclear cartridges have been fired, we would be brought back to the all-or-nothing dilemma, after a second dramatic failure of deterrence. And it is even just about certain that in the last resort we would not stop the enemy wave by the massacre of his towns. The adversary would perhaps prefer to dress his wounds, not respond strategically, and take France more or less intact. In fact, it is hard to see why the adversary, after having weighed the risks well, would deliberately choose war only to stop a few hundred kilometers from the Champs Elysees, two steps from victory, if he were not forced to by the defeat of his land forces.

One could split hairs for a long time on the value of "the tactical nuclear warning" with respect to its support of deterrence. Certain tenants of nuclear radicalism claim that, far from strengthening it, it would reveal a wavering of will: in short, nuclear terrorism, like all terrorisms, would not tolerate the "fake stouthearts." Let us leave the mind games, but let us note in passing that a volley of tactical nuclear weapons, if it is not, in the minds of the defenders, the "acceptance of nuclear combat" which nobody wants to hear about, very possibly will not have the same meaning in the mind of the assailant who is on the receiving end of it...The message--since there is a message--may thus not be very clear....

The only certainty in this debate is that tactical nuclear engagement, even brutal but limited by deliberate political decision to a warning with costs, does not sufficiently reinforce the defense, that much is clear. It may even make one lose on both boards: the tactical board, because this would be the only and last card of the land defense; and the strategic board, by triggering off the "proto-strategic" weapons in which the adversary is not lacking, at least against our missiles on the Albion Plateau and our airfields, and by thus limiting the "punishment." It would be quite different if, instead of hiding behind the myth of a "Maginot Line of Terror," we were to exploit the possibility which nuclear power offers us of returning to the essential act of confrontation: to win the battle, or rather to convince the enemy that he cannot win it. Is it really impossible to stop the enemy outside the borders of France, first of all for our own benefit, and also for that of the Allies?

¹It must be noted that in 20 years France has fielded only one tactical land weapon system, versus dozens in other countries.

In fact, if such an action were henceforth conceivable, would France not be providing the best service possible to the Atlantic Alliance. condemned to military defeat in Germany because America with its "Flexible Response" has pulled the atom from the front line and ruined the strategy of the front, by offering it the last square of resistance on the European promontory? And the perspective for the Red Army of having to engage, before the Atlantic and victory, in an impossible nuclear battle, would that not be a major trump for general deterrence? Is it better from the military viewpoint to risk the destruction of our divisions on the other side of the Rhine in a hopeless battle, or else to establish a solid second line, resolutely nuclear this time, where the waves would finally break? Finally, could not such a military solution reconcile the political imperatives of a defense which wants to be national and our many times reaffirmed membership in the Atlantic Alliance? Is it France's fault that since 1961 NATO has adopted a strategy of "Flexible Response?" Since there is no sign of any change in this strategy, we must resolve to try and stop some part of the Red Army if deterrence fails. Why not at our gates, while waiting for Europe to be able to do it on its own frontiers.

The whole problem is to know whether it is physically possible. The answer is yes, from now on, even for France alone, lacking an effective NATO and lacking an organized Europe.

Contrary to appearances inherited from the prenuclear age--military prehistoric times--our thirty little divisions could easily equal the 60 or more of the Warsaw pact after their military stroll through Germany. It is enough to supply them with the "bit sticks" to do it with in sufficient quantity: the modern defensive machines, the neutrons and the rest, a thousand times more effective and far more economical in all aspects (especially in the lives of our soldiers) than the wall of chests in 14-18 or 39-45 as proposed by the American "Flexible Response" and "Conventional Deterrence" in Germany. It is no longer necessary to figure defensive power in traditional terms, always falling back instinctively to the composition of the large battalions.

To convince ourselves of this, let us try to reduce to a common denominator the destructive effects of the atom and of conventional explosives. Two reinforced radiation weapons placed side by side would clean out 6 km²--600 hectares--almost instantaneously, and their radiation passes through all armor. On the edges of this death zone, many assailants would be those "who are about to die," very quickly losing any capability for action. To obtain the same results with conventional explosives against an armored attack, one projectile every 10 or 20 meters would be required, i.e. tens of thousands of canons firing simultaneously. One gigantic salvo corresponds to the (explosive) fire power of dozens of armored divisions. And what if each "little division" can have simultaneously available the firepower of 4 or 6 guns, missiles or nuclear aircraft?

Can one still talk about "little divisions" if the instantaneous destructive power of each of them is the equivalent of 100 traditional divisions? This simplistic example suffices to underline the mind-boggling nature of the nuclear revolution.

Let us think in terms of deterrence. Let us assume that the purpose of the military offensive is still, as in traditional warfare, to take the adversary's territory. How would the assailant dare risk the existence of his armies in a battle which would turn into a massacre because each kilometer of front would be hit with the firepower equivalent to dozens of conventional divisions? It would do him no good to have similar power himself; he would not be able to achieve his goal because firepower by itself does not conquer, it only enables the conquest which must be embodied in the arrival and maintenance of infantry and armor at the objective. The aggressor would not risk doing it unless he were assured that such a crushing response is politically improbable or made physically impossible because he had taken care to eliminate the nuclear forces which we could array against him. But if these two eventualities appear to him to be excluded, then the deterrence, at least at the operational level, would be ensured. Thus, if the adversary land forces can have no hope of any chance of success, the strategic nuclear action, or the threat of it, would no longer make any sense (unless as reprisal for an action of the same order...). Would one destroy the territory he covets while destroying himself, if he has no chance anyway of getting there and planting his flag? The control of men and resources remains, in the last analysis, the ultimate goal of war, essentially a political act, as Clausewitz noted in a work which Raymond Aron has shown to still be true more than ever in the nuclear age.

This tactical nuclear power, leaving the enemy no chance of operational success, can be acquired by us starting now. Let us recall the saga of the 7th Israeli brigade who, in October 1973, with a number of tanks one-third less than that of our present armored divisions but appropriately installed on the Golan Heights and supported by air firepower was able to hold three days on a 30 kilometer front against 2 or 3 Syrian divisions who lost 600 armored vehicles in the battle. Now let us imagine one of our present divisions equipped with a few nuclear weapons; the same result would be even more certainly attained. Multiply these figures to the scale of our combat corps, i.e. by 20 or even more, depending on the quantity of racks of nuclear weapons which our combat corps could then handle, and we see that our combat corps would easily hold a front from the North Sea to the Alps. We see that the risk of a conventional attack is completely gone, unless the adversary is crazy. Aware of this possibility, the enemy would have no other alternative than to eliminate first and foremost our air and land nuclear forces. But since such a strike would be equivalent by its amplitude--and without, however, being assured of the desired result--to the triggering of strategic nuclear war, the enemy strategist could not, this time, have any doubt about the fact that he would thus himself immediately provoke his anticity punishment.

Let us suppose, nevertheless, that on the contrary he does try engaging in a tactical nuclear combat. The essential factor in this would be less the number of weapons launched than the vulnerability of the intended targets. Thus, since the assailant necessarily operates in the open, he is particularly vulnerable to the myriads of neutrons from reinforced radiation nuclear weapons, the ones which our units would have. The only effective protection against them is supplied by a thickness of 1.5 m of earth or concrete, and this protection is something that only a defender who has been able to prepare his territory in advance can offer himself. At 800 m from ground zero of a neutron weapon, all tank crews, even in the heaviest of tanks, are annihilated, while the defenders in a properly designed defensive installation are unharmed even at ground zero. The vulnerability difference between attackers and defenders has become enormous, and it is this dissymmetry, without precedent in military history, that must be capitalized upon.

The essential condition for success of this operational concept is that the nuclear batteries and the conventional means of defense not be able to be knocked out by the first salvos launched by the enemy to open the road to the nuclear "Blitzkrieg." It is therefore necessary that the defense vectors and the armored backup intended for counterattacks and destruction of air-transported forces be safe from detection and assured of protection which will enable them to escape destruction—except that resulting from a direct impact hit. This is not easy to do, we must admit, but it is surely not a technical impossibility. Along this line of thinking, moreover, the Viet Minh taught us a lesson in ingenuity when they hid their artillery intended for crushing the defenders of Dien Bien Phu and resisted the saturation bombing of the B52s in Vietnam. Our operational concept also implies safeguarding, by appropriate protective measures, the armored units intended for the counter-offensive which will produce the reconquest of the lost terrain, if the neutron barrier is penetrated here or there. All these measures are intended to foil the enemy strategy whose condition for success has been summarized thusly by Sokolovski: "unless the enemy's nuclear batteries have first been destroyed, military operations are impossible." The counter-battery which, in his mind, made them possible must be and can be made as illusory as that which led to the concept and then to the disaster of Dien Bien Phu.

In this concept, the essential point is still that everything is subject to the capability of freely maneuvering the nuclear trajectories, a major argument of the Defense (Ministry). This no doubt imposes a system of forces which is more or less static and linear, at least at the very front, which can bring to mind certain phases of the 1914-1918 war or that of 1973 on Golan, and even recall the sad memories of the Maginot Line.¹ But there is

¹The principal means in this concept are the nuclear batteries, distributed some 50, 100, 500 or more km from the defended "line." One can therefore not equate it to a classic linear defense of the Maginot type, which lacked depth and power.

nothing anachronistic there, since it is on the trajectories of nuclear fire much more than on armor than henceforth, to our mind, the function of balancing of power relies, power capable of throwing the enemy off balance and winning the decision. It is this virtually instantaneous mobility of nuclear fire which, by its zonal effects, nullifies the hope of "saturating the defenses" by the sacrifice of combatants--which attack had always accomplished down through the ages. And that is what the revolution of our times is about.

We simply wish to suggest that we are capable, if we really want to make the effort to do it, to turn our thirty "little divisions" into an instrument of deterrence with a power unprecedented in the history of our weapons, thereby filling the gap that presently exists between the classic combat and the strategic exchange--a gap which our current strategic formula of "final warning" leaves gaping, because if our strategic nuclear forces keep their full value in terms of warding off threats of the same level, they are not, unfortunately, sufficient for warding off the other threats.

Is multiplying the tactical nuclear weapons and their vectors (mobile launchers, cruise missiles and others) beyond our financial capabilities? Certainly, they were expensive at the beginning, but in the very near future there will be no shortage of the nuclear material necessary for supplying munitions in France, nor therefore in Europe. The unit price of these nuclear weapons, initially high by virtue of the cost of the production and testing infrastructure, is going down and will go down more upon shifting to higher volume manufacture. The Los Alamos laboratory in the United States estimated the cost in 1975 of a simple tactical missile, including the nuclear warhead (1 KT), at \$55,000 and the total cost for a complete weapon system (vectors, warheads and computers) at \$360 million to give NATO 3,600 weapon units within the framework of a frontline defense in Europe. If we had to pay three times as much due to our technological lag, the price of such an arsenal would not be prohibitive if we compare it to the cost of modern tanks and aircraft.¹

To this would be added the strengthening of the antiaircraft materiel, indispensable for warding off the threats of vertical envelopment, and other means necessary for as fundamental a change in concept as this. The financial impacts would be large, to be sure, but apparently not exorbitant given our GNP; for the major portion of the investments has been made since 1960: the costly construction of the basic infrastructure, the production tooling for nuclear ammunition, the readying of our strategic arsenal, and the recent reorganization of the army.

¹On this, see the Los Alamos study presented in the journal DEFENSE NATIONALE Oct 76. There is a useful comparison there.

The additional sources necessary for fully capitalizing henceforth on this massive effort begun 20 years ago should not, a priori, reach the same level. And their dividends for France would be the strengthening of its Deterrence by a formidable potential for Defense: a potential which would furnish, at the same time, the long waited-for assurance against the possible failures of Deterrence, a hypothesis to which no answer has as yet been given.

The credibility of our strategic deterrence will inevitably be tainted by the cancellation, now crudely admitted by Mr Kissinger, of the American nuclear commitment with regard to Europe, because its role as "detonator of the Apocalypse" has been considerably lessened. We do not have the means to make up the difference in nuclear power which separates us from the Greats. Nor would we have the power to prevent them from "vitrifying" France if one of them wanted to do so, but we can acquire the means, thanks to the reinforced radiation tactical nuclear weapon and our future production of plutonium, to deter anybody from trying a military adventure against our soil. Contrary to the myths rooted in our minds by the experiences of an age which is finished, the evolution of the arsenals of the Great Powers is such that the only weakness in their military system which remains exploitable for the purpose of deterrence is the terrible vulnerability to nuclear radiation which land forces on the offensive suffer. It is at this hole in the armor that we must take aim from now on. For this, it is enough to supplement our judiciously reorganized air and land forces with a solid nuclear superstructure which multiplies their destructive power a hundred-fold, thus obliging the aggressor to pay without any doubt this time an exorbitant price for an occasional operational success. Let us not abolish, of course, the perspective of nuclear holocaust whose specter should always be silhouetted on the horizon, but let us shore it up with the more immediate, more realistic and hence more credible certainty of a genuine nuclear defense.

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CONTRADICTORY THESES ON NUCLEAR WEAPONS DETAILED

Detente or Escalation

Brussels POURQUOI PAS? in French 6 Dec 79 pp 4-8

[Text] Not far from the Atlantic Council's winter meeting (13 and 14 December in Brussels) the debate over the installation of long-range Theater Nuclear Arms (TNF) in Europe has just finally taken off. Two countries--out of the five planned on by NATO--have firmly agreed to accept the missiles that are designed to counter the strengthening of the Soviet nuclear potential and, more precisely, the SS-20 missiles that have been deployed by the Red Army. These two countries are Great Britain and Italy. The latter country however reserves the right to demand a "second key" when the time comes (in 1983) for their emplacement. The German Government, which is behind this attempt to modernize the Atlantic nuclear panoply, is obviously willing to accept these awful toys, but only on the condition that two other NATO members also take them. In the Netherlands and in Belgium, on the other hand, the missile question has provoked considerable domestic debate. After 2 days of heated parliamentary debate The Hague proposed encouraging the production of a limited number of TNF but wants to see their deployment delayed. In Brussels the missile question was approached hurriedly and with confusion. In addition to the vigorous positions taken by Ministers Desmaret (national defense) and Simonet (foreign affairs), there is the fuss made by the political parties, the cooing of the pacifists, and the maneuvers of the communist propaganda mills. Will the Cruise missile question be the downfall of the Martens government? Will Europe resist the Kremlin's blackmail or will it fall into Finlandization? It is a source of consternation that a balance of mutual terror serves as the basis for world peace.

It is insane for Americans and Soviets alike to continue to add to their nuclear power when their arsenals already contain enough to kill 30,000 times the number of people in the world.

It is insupportable that so much in the way of intellectual and financial resources is diverted to a mission of death while misery and underdevelopment remain unconquered. It is intolerable that millions of men agonize over where their next handful of rice will come from when they are guaranteed, according to Francois Diani, of having claim to 20 tons of TNT each in the event of war.

However, it is not considerations such as these that excite those who are zealots for unilateral disarmament and that make the open debate in Western Europe over long-range Theater Nuclear Arms a stormy one. As the Atlantic Council's winter session approaches (called to address the question of installing 572 TNF missiles in five of the alliance countries), the surge that is shaking up the governments, the Belgian and Dutch governments in particular, and that is jolting the [political] parties and public opinion, is caused by fear. Fear of the atomic apocalypse and of its thousand suns. Fear of becoming a target. And finally, fear in the face of blackmail at the hands of Leonid Brezhnev.

But does fear also have to cloud the mind, hinder the making of a calm and measured decision in the absence of a real debate which would mold public opinion?

Under the present circumstances there are two contradictory theses that oppose each other. And between the two it is fairly difficult to find a just middle ground.

The Pro-TNF View

The following pro-TNF views are representative of those held by Henri Simonet.

It is a bizarre fact that it isn't really the seriousness of the threat that is frightening, but rather the tools to be used in response to the threat. It is not the arms themselves that terrorize but rather the defense against them. The great fear actually appears to be exacerbated, at least among the public, not by the SS-20 missiles that the Red Army began to point towards Europe in the spring of 1977 and that it continues to deploy at the rate of one nuclear warhead every 2 days, but by the missiles that NATO wants to install in some of the alliance countries beginning in 1983.

The fright caused by long-range Theater Nuclear Arms is surprising. These sophisticated rockets mark a turning point in the history of dissuasion or, if you will, the balance of terror. Thus while the former TNF armaments were, because of their simplicity, essentially designed for use against cities and population centers, the SS-20, Cruise and Pershing II missiles are, by virtue of their precision and their small nuclear payloads, so-called anti-force arms. Their principal function is thus to destroy military objectives. The appearance of the Soviet SS-20's on the nuclear checker board gives NATO experts nightmares for several reasons:

- 1) At the present time there is no equivalent in the Atlantic arsenal.
(The Cruise construction program hasn't started yet);
- 2) At the present time there is no parry or retaliation possible at a corresponding level;
- 3) Its predecessors, the SS-4 and SS-5, were capable of carrying a single payload of one megaton (50 times the power of the Hiroshima bomb). They used a combustible liquid fuel (which implies the necessity of 24 hours for refueling) and were launched from a fixed platform which was therefore locatable. The SS-20 is mobile and difficult to spot. Equipped with a solid fuel combustion system, it can be refueled in 2 hours. It is "Mirved," which means that it has multiple independent warheads: three at the present time. Its accuracy is continually being improved and is presently on the order of a few hundred meters.

Once again the Soviet regime, incapable of feeding its own population without outside help or of furnishing it with good quality consumer goods, forced to turn to the West in order to buy computers and state-of-the-art technology, demonstrates that it is capable of producing advanced technology products in the military sector.

Until recently the USSR had little in its military inventory: the SS-4 and SS-5 missiles and the "Blinder" and "Badger" bombers. It is currently engaged in replacing the SS-4's and SS-5's with the formidable SS-20's and the outmoded "Blinder" and "Badger" with the celebrated Tupolev 26 bomber (dubbed "Backfire" by NATO). During the deployment of the new rockets, 450 SS-4's and SS-5's remain aimed at Europe.

Until now NATO's TNF capability has been limited to 170 F-111's (based in England and each carrying 2 atom bombs), the 56 ageing British Vulcan bombers, and a few Polaris missiles that could well fall victim to SALT II and be withdrawn from the European theater. If nothing changes between now and 1985, the "Fourth Echelon" will include 3,000 warheads on the Soviet side as opposed to 400 on the West's. This USSR superiority in the matter of long-range nuclear arms and conventional forces creates a new situation for Europe.

Today we find ourselves in a situation, according to Minister of Foreign Affairs Henri Simonet, in which if there were a conflict or, more plausibly, if at a given point in time the Soviet Union were to threaten to combine its superiority in conventional forces with its superiority in long-range theater arms, the only recourse that the United States would have to prevent it would be to resort to its intercontinental weapons.

If we know that the strategic forces of Washington and Moscow are in parity and that under the concept of MAD* accepted by SALT I the two sides have renounced the building of antimissile networks, we can conclude that no American president "would sacrifice Chicago in order to save Frankfurt."

*"Mutual Assured Destruction." This concept acknowledges the vulnerability of cities. Populations are viewed as hostages and gauges of their government's peaceful intentions.

The Anti-TNF View:

It is fallacious to speak of "modernization of theater nuclear forces." It wasn't a question of that during the initial phase of work by the experts in defining the problem. Much later there was talk about the "LRTNF."^{*} The fact of the matter is that the theater nuclear forces include at least 7,000 atomic warheads. Improvements to them would result in greater precision in targeting, a greater degree of invulnerability, and a more effective panoply from a targeting and deployment standpoint.

The truth is that we are discussing the introduction of missiles having a range of 1,500 to 2,500 km which would not be used against the SS-20's (which are mobile) but against unspecified targets located deep within Soviet territory. From the Soviet point of view these new ballistic missiles signify two things: a) Pershing II missiles are only 4 minutes away; and b) the range of the Cruise missile will give the United States the capability of reaching intercontinental ballistic missile land sites from launch sites located within our European territory.

The acceptance of such weapons into our territories would signify our acceptance of intervening in a strategic nuclear debate of concern to only the two great powers. It is no longer in our interest nor is it in Europe's.

In contrast, the Soviet SS-20 is not a new element in the balance of East-West forces. In fact, it is only a technically improved version of a medium-range rocket that has been around for more than 15 years and which is intended for use against armed forces and not cities.

Then why is there suddenly all of this movement and pressure being brought to bear by the United States on its European allies? The only possible explanation is that the United States is adapting its strategy to the defense of its national interests. Kissinger publicly acknowledged this in Brussels last September by recognizing that [the idea of] American strategic nuclear protection was a decoy.

On the other hand, it must be noted that the introduction of TNF into Western Europe will, by virtue of the new concept that it represents, have a destabilizing effect that will inevitably lead to an adverse countermove of a predictable nature: the deployment of intercontinental missiles in the USSR's satellite countries. We would then become engaged not in negotiations toward detente but rather in a new step toward escalation.

Faced with these opposing arguments how is one to make a rational choice? According to some, if their reasoning is taken to its logical end, the European countries would be nothing more than hostages. Whether they accept or refuse to equip themselves with TNF made in the United States they would be running the risk of being abandoned by the American ally in the event of a conflict and would then be forced to yield to possible Soviet blackmail. And with little additional impetus this vulnerability could precipitate their

* Long range TNF.

slide towards Finlandization. Or has this slide already begun? It is easily believed when we see the French Government oppose the showing of a film that would offend Leonid Brezhnev, or when we hear the German minister of defense, called upon by the Russians not to flirt with China, murmur: "giving one's hand to Hua Kuo Feng isn't the same as shaking his hand."

Is the only way to avoid the neutralization of Europe the acceptance of Cruise and Pershing II missiles—with the Americans holding the "key"—into the territory of a few alliance member countries? The prospect of long-range theater nuclear missiles being deployed in the five NATO countries has repeatedly pricked the anger of a "perpetually agonizing" Leonid Brezhnev.

On 1 October 1979, then on 6 October 1979 in Berlin, and again on 9 October 1979, the secretary general of the PCUS [expansion unknown] made a clear threat to "those who want to transform western Europe into a launching pad for American arms against the USSR." But in between the two explosions of indignation the number one Soviet nevertheless managed to slip in an offer for negotiation and, for those who understand the Kremlin's way of expressing itself, a renewal of the MBFR (talks on the mutual reduction and balance of armed forces) in Vienna that have been stalled since 1973.

Isn't it odd that Moscow's apparatchiki are demonstrating their willingness to negotiate just when the modernization of NATO's nuclear panoply is about to be given the green light?

In the middle of December the Atlantic Council will probably make a three-part decision: 1) an acknowledgement that it is willing to negotiate with the East; 2) an announcement that is withdrawing, without any conditions, 1,000 vehicles or 1,000 warheads from the European theater; and 3) a declaration that it can effect the modernization of the theater forces without increasing the number of warheads on the West's side.

The European countries will then be in a better posture for discussions with the Soviets. The latter are tougher bargainers than the rug merchants in Tehran. SALT II, in which they were the buyers, lasted 7 years and required 300 meetings.

Flemish Socialists Examined

Brussels POURQUOI PAS? in French 6 Dec 79 pp 6, 7

[Text] Thanks to the involvement of the communist representative Van Geyt in the issue of installing missiles on our territory there will hardly be any surprises for our government. All the government will have to do is reread the notes that have been delivered over the last few days by Soviet diplomats and representatives of several satellite countries. This is not so much to give evidence of any elementary anticommunism as it is to underscore it. Just as when we were involved in the offensive against the neutron bomb, the fact itself is obvious. As for our cohorts, they will have to be content with going it alone.

In truth it is good to see the parliamentary debate begin and everyone hopes that it will be as frank and open as possible. This strategic decision, in the strictest sense of the term, should be a question of conscience, and it would be unusual to see the parties demand any voting loyalty on the part of their representatives in parliament.

That having been said we should nevertheless be permitted the observation that, as much within the government as within the parties, we are witnessing some strange goings on and the real intentions of some individuals are not always as they are stated. It must not be forgotten, we repeat, that unanimity is far from being a fact to the extent that even within the same groups opinions and motivations differ.

Thus, without questioning the angelic and pacifist sincerity of the Flemish socialists, it would behoove us to examine their stand closely.

Is the chairman of the BSP [Belgian Socialist Party], Mr Karel Van Miert, once again dreaming about giving a hard time to his former boss Simonet for whom he visibly--remember Zaire--has absolutely no forgiveness?

Amidst all of the above the Flemish socialists are well aware of the electoral value of their position. There is an anti-militarist tendency in Flanders, with Catholics and even clerics at its base, that has existed for generations and has permeated their sensibilities. In the past it has raised its head in the fight against the draft and against general obligatory service. It must not be forgotten that although Leopold II was detested by the Walloon proletarians, he had no better press than among the small Flemish vicars. They condemned his military policy, and later his conquest of the Congo, more than they did his penchant for young girls. Very curiously these two obsessions are still to be found in the Flemish subconscious. Undoubtedly the fierce opposition to the military effort is the price that is being paid for it.

A demagogue as formidable as Louis Tobback, always ready to carve out his place in the sun, between Van Miert, Claes, and Ramaekers, has perfectly understood the situation, hence his extreme agitation at the present time.

Neither should we forget the influence that the Netherlands still wields in Flanders and which is even now being strengthened by television. And who could deny the impact of the old Calvinist pacifism on our regions? It is thus also necessary to explain certain reservations born within the CVP where Christian discipline can go hand in hand with antimilitarist scruples. Finally, the very small CVP minority fringe should not be ignored, led by representative Thyl Deleercq, who is deliberately playing his leftist card a la Glinne.

Strange Maneuvers

It will, however, be on the French speaking side that things will be the most ambiguous. There still, except among the liberals where Marshall Gol and General Poswick will bring out their little soldiers, there will be no homogeneity.

The FDF, as usual, is going to be split between its diverse factions with two additional heartbreakers: the necessity of accepting American armament (Goodby the great indignations over the F-17) and of admitting that France, the light of peoples, has, since De Gaulle, has been equipping its private nuclear arsenal particularly well.

But these dramas a la Corneille won't be worth a dime alongside what may transpire among Andre Cools' friends. The party is undeniably divided and the outcome of the struggle is uncertain. Everything will thus be happening at the party's general council. Chairman Cools' task is in danger of becoming complicated by Minister of Foreign Affairs Henri Simonet's ultimatum which has for all intents and purposes put his back against the wall. If his missiles aren't accepted he'll leave! The skeptics will nevertheless sneer at Comrade Simonet's ultimatums. Could this threat make the Flemish socialist pull back? They have made no secret of their willingness to go right down to the wire, win or lose the government, which would automatically lead to the fall of the fine Martens team. Now, at the risk of appearing cynical, we are obliged to point out that this misfortune would benefit some.

No one can deny that weakened, hesitant, and poorly prepared for the community's facetiousness, the government has gotten itself into an impasse.

Attacking the community would hardly be desireable however for several reasons: 1) this type of sudden shift could only complicate the situation; 2) going into the elections on such a ploy could only profit the FDF-RW while at the same time penalize the national parties; 3) Mr Cools as much as stated that this was the community's last chance and that he would no longer negotiate any other solution. It would therefore be awkward for him to go back on his word. Every option would then be blocked.

Let's imagine for a moment that the government falls as a result of this missile problem. In such an emergency everyone can imagine renegotiating the entire problem (including the community), and doing it without losing any face. Admit that such a thing is tempting and that it is enough to make one think.

Another prospect is that the government capitulates and Mr Simonet--when all is said and done, and kidding aside--leaves the government. Who would then be naive enough to imagine that the great Anderlechtois would not be prepared to get involved?

Wouldn't Comrade Simonet be interested in who Mr Luns' immediate successor as secretary general of NATO would be? Perhaps he has been given assurances regarding the post that the VDB has coveted for so long?

And of course the possible departure of Mr Simonet, to be replaced by someone greater, would be a benefit.

The post of foreign affairs being vacant, there would be the option of installing the good Mr Tindemans who would thus stop quashing handouts to the poor.

He would henceforth be able to easily play the role of the "Meternikske" elsewhere than in the back rooms of power. That is, let's admit it, a fairly dangerous gamble to the extent that it is difficult to know what Mr Tindemans would bring to the job: his ambition or his hatred for Mr Martens?

All this having been said the socialos [sic], on balance, would get their justice (Hello Mrs Lallemand!) which would enable them to reassure their little friends vis-a-vis the freedoms that have been scoffed at, the registration forms, the liberez Graindorge [sic], and the horrible policemen burrowing into the soul of the little people.

Wouldn't that be a nice breath of fresh air for our government?

Whether or not they were even installed the missiles would be Belgium's salvation.

Moscow in Range of Brussels

Brussels POURQUOI PAS? in French 6 Dec 79 p 5

[Text] In the face of Soviet deployment of the SS-20, the Cruise missiles appear to be a terribly effective counterweapon. Actually, each of the 48 Cruise missiles that are planned for Belgium is capable of striking far into Soviet territory, as far as military targets like Moscow and Odessa for example. This capability should not be dismissed lightly since this very sophisticated descendant of the German V-1 flies at a very low altitude (50 m) under enemy radar detection, about 800 km per hour, and has an effective radius of 2,500 km. The payload of a Cruise missile is devastating. The nuclear warhead is equivalent to 200 kilotons [of TNT] or 10 times the power of the bomb used on Hiroshima. And finally, this vehicle can also be launched from an aircraft, surface ship, submarine, or mobile ground platform. This last mode of operation would be used for the Belgian Cruise missiles. Missile launches will be effected from mobile installations of the Lance type.

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BRIEFS

FRG TO IMITATE FRANCE--Paris and Bonn will coordinate their African policies more closely from now on. The Germans have decided to imitate the French with respect to a number of countries in the Sahel, particularly where mining research, energy and transportation are concerned. [Text] [Paris LE NOUVEL ECONOMISTE in French 11 Feb 80 p 82]

CSO: 3100

IMPACT OF GOVERNMENT, CVP RELATIONSHIP SCRUTINIZED**Modern Industrial Complex in Flanders**

Brussels POURQUOI PAS? in French 17 Jan 80 pp 66-71

[Article by Paul Goossens and Paul Koeck: "How Economic Power Slips from Wallonia toward Flanders"]

[Text] The loss of momentum by the General Company, the creation of the EEC, and the promulgation of expansion laws first of all led to power slippages on the economic level. Flanders rapidly built a modern industrial machinery for itself and its economy moved along with a brisk tail wind. The GNP went up 5.5 percent between 1966 and 1971, whereas growth was only 3.9 percent in Wallonia and 2.7 percent in Brussels.

In the context of this industrial policy, expansion laws played a considerable role. When one ties a certain subsidy to a certain establishment site, manipulation is possible. Those who held key posts were able at their leisure to divert investments toward desired locations. In political and administrative terms, the CVP [Social Christian Party] held a large number of these key posts during the sixties. It also held important positions in the Eyskens-Lilar cabinet (1958-1961). Dries Dequae was the official in charge of economic coordination and Van Houtte (PSC [Social Christian Party]) was in charge of finances. In the Lefevre-Spaak cabinet (1961-1965), Dequae returned to his post in finances. In the Jarmel-Spinoy cabinet (1965-1966), Gaston Eyskens was minister of finance. Then came a hiatus because, under Vanden Boeynants-De Clercq, the CVP was not represented in economic affairs or in finances. Activities started up again however under the Eyskens-Merlot administration (1968-1970). At that time, the secretariat of state for the Flemish regional economy was established; it has since then been in the hands of the CVP without any interruptions. Let us recall that, at the time, a man by the name of Vandeputte ran the National Industrial Credit Company for the CVP.

In spite of earlier efforts, it had never been possible until then to get industry in Antwerp and port capital together. That was to come off at that time not--or almost not--with Belgian capital but through American money (General Motors and Ford) and above all German money (petrochemical industry).

In 1958, there was only one German company established in Belgium. At the beginning of the seventies, there were 34.

The biggest ones are Bayer (starting in 1967) and BASF [Baden Aniline and Soda Factory] (1968).

BASF put two Belgians--quite by chance, personalities in the CVP--on its board of directors; their names were Vlerick and Nedee. Antwerp benefited most from the large number of investments and became the pivot for this entire industrial slippage after 1960; this was the result of a ten-year plan which permitted the doubling of the port's total surface.

In the process of slippage of economic power from Wallonia toward Flanders, the FRG played an important role. Germany in effect became vital to the prosperity of Antwerp and thus of Flanders. This importance went beyond that of the port as such. A company such as "Gevaert" had realized the advantages it could derive from an association with a German company (which was done in 1964 with Agfa [General Film Corporation], a subsidiary of Bayer).

A link between Antwerp and the Rhine became vital now. For 100 years, people had been fighting for a link between the Scheldt and the Rhine. Now, implementation was close. In the course of the negotiations which, at the beginning of the sixties, were to lead to a basic accord, Franz van Cauwelaert played a particularly active role.

The link was accomplished in 1975; the osmosis between the port of Antwerp and industry was a fact. In the meantime, the traditional financial group had suffered a rather heavy loss of ground and it was extremely urgent for them to review their strategy. Their expansion had been slowed down by the loss of the Congo and of Walloon coal. The "General Company" and "Brufina" (De Lanoot Group) lost even more of their power as foreign enterprises gradually established themselves. New financing methods came out, especially under the impetus of legislation on expansion. This resulted in the use of less in-house capital and more borrowed capital. This in turn gave rise to a reorientation of savings toward other projects. New financial circuits were created. An institution such as the "National Industrial Credit Company" assumed importance because it was able to offer a considerable volume of borrowed capital. For these same reasons, the banks, especially in the Flemish part of the country, strengthened their assets. We now saw the creation of new financial groups. Cobepa launched the concept of the "growth center," an idea and a term which fit perfectly well into legislation on expansion. This company above all was aimed at

the defense of local interests. It was created in 1957 but it really got off the ground toward the middle of the sixties. In 1978, it handled funds of its own which came to 3.7 billion francs. Cobepa, managed by Van Houtte (PSC) and Nedee, at that time fought hard against the competition, especially against Brufina.

Other concepts of growth centers came up here and there. In the region of Charleroi, there was Ruau; in the area of Liege, there was Mosane; and in the Antwerp region, it was "IBEL" which assumed that role after 1973.

IBEL and VIBEM--With Capital from the Christian Workers

Fernand Nedee was the chairman of the board of that company which had capital coming from various sources. But the brain behind IBEL (Lacourt Investment and Sales Company) was its former deputy manager Andre Leysen. He had managed to attract "Financiere Lacourt" to Antwerp; this was a company in which the former colonial settlers and especially the "Frans-quillons (editor's note: in French, in the text) had amassed profits from plantations. To that he added the capital of Cobepa, the capital of the Ahlers Group, and the Boel Shipyards. All of this was "Flemicized," as it were, under the name of "Investerings- en Beleggingsmaatschappij Lacourt" (Lacourt Investment and Sales Company) and the company headquarters was located in Antwerp.

Since then, IBEL has been pursuing a policy as an active holding company, geared toward local industry. IBEL invested especially in VIBEM ("Flemish Investment and Sales Company"). This company was established on 6 December 1973 and its capital later on was increased from 10 to 600 million francs. Its founders were IBEL and BAC (Belgian Worker Cooperative) (editor's note: in the French-speaking region, it called COB [Belgian Worker Cooperative]), in other words, the private savings bank of the Christian labor unions.

Said Hubert Detremmerie, president of the BAC-COB: "The group of stock-holders who exercise control over Gevaert was too weak. There was a real danger of an offer of takeover from Germany. Under these circumstances, the BAC indirectly increased the volume of its shares because this was a Flemish and Catholic enterprise. We acted together with friends who had the same opinions on the matter as we."

The quotations on Gevaert stock jumped from 1,260 to 1,6000 francs in February 1974. In just 2 or 3 weeks, 350,000 shares changed hands. The reason behind this mad activity was understood only on 13 March 1974. A communique from Mortsel announced that VIBEM had acquired controlling power in Gevaert with 10 percent of the shares. Just one year later, on 28 May 1975, it was learned that VIBEM and ALMABO, the family holding company of the Boel Company, had acquired 25 percent in the "Mercator" Insurance Company of Antwerp. The price to be paid was about 140 millions. VIBEM consequently increased its participation in Gevaert by 15 percent.

All of this was rather odd and ingenious at the same time. With the help of capital from the Catholic workers, the Nedee-Leysen Group had managed to build a powerful position for itself in Gevaert. This was a real fast and powerful move, comparable to the one attempted by the "General Company" with Gevaert in 1955 through the Royal Belgian Insurance Company. But the General Company had missed the boat and the Nedee-Leysen Group had been successful. This power takeover might also be interpreted as the first specific step by the Christian labor union toward the policy of participation, based on the German model. This historic step was possible at that time only in Antwerp. The moving force behind this development was P. W. Segers, the godfather of BAC. He was always the man in favor of "realistic labor union politics." He went to West Germany at the end of the forties while deputy-mayor of Antwerp to plead in favor of the restoration of relations. P. W. Segers, who was a minister for the CVP several times, also managed to get son Hubert into the Gevaert management.

Robot Portrait of the Ideal Boss

In the meantime, the characteristic image of the "successful boss" had been considerably modified. While Belgian high finance at that time was able to look upon its dreams as reality and if it had to have a robot photo of the ideal boss, such a one undoubtedly would turn up.

A Fleming, with a preference for the Antwerp area (maintaining links with the port), he had good relations based on confidence with the FRG. He had a foot in the door at Gevaert and Copeba. He was a Catholic and at least a friend of the CVP. When necessary, he was accommodating to the press, preferably toward the STANDAARD. And a dash of authority in the National Bank likewise was not useless.

One might believe that no other human being could meet this impressive list of qualities. That would mean overlooking Andre Leysen.

Andre Leysen was born in Antwerp. He married an Ahlers. The Ahlers, of German origin, had detected a definite odor of something burning during the war, but after the last V-1 had come down, it quickly returned to the port city. P. W. Segers was there for something. It was not just by chance that Andre Leysen was spellbound by the looks of a German girl. Before and during the war, his family had proven to be particularly pro-German and Andre was sent to a German school, a pro-nazi bastion. Those school days sometimes left traces in the form of rather touching lapses into German.

During that time, his brother Fritz had enlisted in the Waffen-SS [armed, combat SS] and was particularly active on the Eastern Front.

After his marriage, Andre Leysen established the Ahlers Armament Company, especially with his wife's money. But he certainly was not destitute himself since his father had gotten rich in the junk business. Most of the

company capital remained in the hands of the "Hugo Stinnes" Group, an affiliate of the West German government holding company VEBA [United Electricity and Mining Corporation]. By the end of the sixties, Ahlers had become the biggest Belgian armament company, after CMB [Confederation of Belgian Metallurgists], the holding company of the "General Company."

By that time Andre Leysen was already manager of Cobepa but his abrupt rise did not begin until 1973. That was the year he joined IBEL and VIBEM. In 1976, he "saved" the STANDAARD and, at the end of 1977, he was made manager of Gevaert. He also held an important post in the National Bank.

The Sponsors of the Ahlers Ships

His friendship towards the CVP can be measured by the way in which he selected the sponsors for the ships built by Ahlers. Madame Chabert already twice had the opportunity to swing the champagne bottle and Madame Tindemans and Madame Martens also had that honor. This honor by the way was recompensed by a certain percentage of the weight of the vessel expressed in jewels. That could certainly be one elegant way of expressing one's gratitude for services rendered. In this case, the CMB seems to owe thanks to other persons. Because in this case they chose almost exclusively members of the royal family to sponsor the vessels.

CVP on the High Tide of the Economy

When the balance of power changes on the national or international level, this always has repercussions in politics. In Flanders, we can leaf through the photo album of the CVP. That party's politicians were the active and enlightened advocates of economic redeployment. Let us see, now. On the national level, Gaston Eyskens launched the economic expansion laws in 1959. The economic affairs and finance ministries likewise were regularly held by CVP ministers. The Vanden Boeynants-DeClercq cabinet was the exception to the rule. Moreover, Vandeputte, from his post with the "National Industrial Credit Company," distributed loans the way he saw fit and that institution acted as a hinge in the implementation of the expansion laws. In 1968, Andre Vlerick managed to get his foot in and since then all of the secretaries of state for the Flemish regional economy came from the CVP stable. At Antwerp, the CVP had in the meantime got its hand on the port. Shortly after the war, P. W. Segers, in his capacity as deputy-mayor of the port, had restored relations with Germany. Leo Delwaide followed him and after the latter's death, a man by the name of Jan Huygebaert took his place. The latter was a man from the "Tindemans stable," but that is all one can say about his merits so far.

Numerous personalities from the CVP were moved on toward the summits of power thanks to Flemish economic power. So, here we suddenly have Marc Eyskens, not only a professor and his father's son, but also administrator of Royale Belge, that cousin to the "General Company" which still has shares in Gevaert. Antwerp was the economic spearhead of the political

breakthrough achieved by the CVP. The doctrine of the "Flemish Economic League" was making headway and unitarism was on the defensive. In 1961, these unitarists had still managed to prevail under the Lefevre-Spaak administration. Theo Lefevre followed Gaston Eyskens after the election losses in the 1961 elections. As a matter of fact, this was a case of settling accounts within the CVP between the unitarist tendency of Lefevre and the federalist tendency of Eyskens. The Janden Boeynants-De Clercq cabinet continued the unitarist push but the government fell in 1968 on the issue of Louvain. During the following elections, the Liberals were swept from the political scene. Gaston Eyskens got another chance, first of all with Merlot by his side, and then with Andre Cools, a federalist to the core, through the influence of the Liege labor unionist and federalist Andre Renard.

The unity counteroffensive manifested itself once more, with Edmond Leburton at its head, but had so little credibility that it simply vanished into thin air. The Leburton cabinet was a big contradiction, just like Belgium itself. This was a cabinet that was absolutely incompatible with the new economic balance of power. A series of scandals furthermore rapidly put an end to Leburton's dream. The first Tindemans cabinets had to adjust fire. A Fleming, from Antwerp, a CVP man was thus at the head of the government and that was quite in keeping with the new luck of the draw.

Limits of Flemish and Antwerp Power

In the second Tindemans cabinet, with Gaston Geens in the finance ministry and Marc Eyskens running the Flemish regional economy, the CVP in March 1977 had reached the very height of its power. But the limitations of that power also began to emerge, more clearly than ever before. The economic crisis was a new fact of life which called for an adaptation of strategy, both on the industrial and on the political levels.

First of all, there was the dramatic situation of the Walloon steel industry. The doctrine of the VEV, whose advocate Vaast Leysen was, called for government money not to be invested in sick companies. That was a rule that was difficult to observe regarding the steel industry. Cockerill and Liege and the entire Steel Triangle, at Charleroi, were able to survive only with money from the public treasury. Depriving them of that would cause a series of failures. And it would be difficult to avoid a financial crisis; let us not forget that a bank, such as Bruxelles Lambert, is still in its beginnings in this matter. Economists and politicians furthermore are afraid that this kind of situation might cause social disturbances which, in turn, would lead to unforeseeable political upsets. Thus, both in economics and in politics everybody always tries to avoid any adventures.

At the time Flanders therefore with good reason was worried about the topic of Walloon steel. This is one of the reasons why the many CVP ministers, as well as certain Flemish industrialists, continue to be

prepared to channel government money toward Walloon steel, in spite of their doctrine. At the same time, they hope to be able to continue to force the "General Company" to follow up on its investments in Cockerill, although there is little hope that this sector might still be able to become involved in profitable operations. This is also a violation of the doctrine of the VEV. This state of affairs is the source of a certain uneasiness in Flemish banks and it constitutes an "upmteenth" conflict--so far not out in the open--within the CVP. The Louvain monetarists criticized the government's interventionist policy on the doctrinal level. A man such as De Brauwe defended pure liberalism in this field. In VEV circles, there are increasingly forceful pleas in support of the abandonment of national solidarity on this issue. When we line up all of these facts, it is not astonishing to find that, at the time, the tenors in the CVP practically did not dare openly adopt a position regarding steel. They preferred to leave this matter to the BSP [Belgian Socialist Party] in general and to Milly Claes in particular.

It appeared however increasingly clear that Flanders is not immune against economic crisis. The textile industry and shipbuilding are in very bad shape. Numerous multinationals, with the Americans in the lead, no longer have any confidence here, no longer invest here, or even pull out of Belgium. The mining of Limbourg coal continues to show a deficit and runs into the billions each year. It is significant that Flemish industry lost about 76,000 jobs between 1974 and 1977. That was bound to have consequences regarding the Antwerp "growth center." The German chemical industry increasingly hesitates to invest here. An investment of several billions by "Scheldechemie" was not backed up after the pros and cons had been weighed carefully. Even the leading pseudo-industry of the port of Antwerp began to reveal weak points. The port itself suffered some blows which it is having difficulty recovering from. It is true that iron and steel transportation is suffering heavily as a result of the steel industry crisis. This comes on top of a rather unexpected phenomenon: Zeebrugge has developed into a redoubtable competitor, thus depriving Antwerp of its title as the nation's only port. Zeebrugge is increasingly emerging as an energetic port and is thus getting billions. Zeebrugge is becoming a competitor (undoubtedly a lethal one) for Antwerp in the matter of container shipment. Thus, the port on the Scheldt is losing its monopoly of national port loans.

Flemish Social Model

Brussels POURQUOI PAS? in French 24 Jan 80 pp 60-64

[Text] The prescriptions recommended for the economic crisis in Flanders all bear the imprint of the CVP. But these prescriptions do not please everybody; they do not look at all effective and they have triggered strong opposition. "Prosperity through courage" is the slogan of the CVP which thus wants to give the workers an incentive to hold their wage demands down.

The Catholic workers at one time seemed to be prepared to move in that direction. A man such as Chancellor Helmut Schmidt, who ought to know what he is talking about, said in effect: "The profits of today are the investments of tomorrow and the jobs of the day after tomorrow." The workers must therefore understand that their employer must first of all have profits and that everything else will come by itself. This formula however also was proved to be false. The investors did not come in droves the job situation did not improve. On the contrary, between 1974 and 1977, Belgian industry lost 150,000 jobs. One of the measures that was to make it possible to resolve the crisis was the association of Belgian currencies with the German Mark. This had advantages but also disadvantages one of which is the fact that Belgian products become very expensive abroad and thus eliminate themselves. Among industrialists--especially those running the medium-sized enterprises--a position emerged to the monetary policy pursued by the National Bank. At the VEV Congress in 1978, Schollaert, the general manager of the Belgian Foreign Trade Office (with a PVV [Party of Liberty and Progress] tendency), expressed this dissatisfaction. The STANDAARD noted that Schollaert's plea was greeted with ovations from Flemish company managers.

All of these signs show clearly that the fundamental slippage will not be slow in taking place. This slippage generally does not please those who hold the reins of power.

The design of the CVP was clear in this respect. There was no question of releasing the wheels of the Belgian monetary and economic union. Above all, no foolish risks!

The most reasonable Flemish employers consequently reviewed the situation in order to retain power where it was.

The results of these cogitations filtered through already in the speech which Andre Leysen, the superboss delivered on 23 October 1976 on the occasion of the launching of the "Legia" on the Thames. "I think," he said, "that, in economic terms, we must try to break away from the community arguments; that applies to the Flemish and to the Walloons. As a convinced Fleming, I would, in this respect, like to address an appeal to the Flemish because we cannot demand from others that which we are not ready to do ourselves. Our backup support on the economic level is too great at this time so that we can show ourselves to be magnanimous toward Wallonia. We must act in a modest manner, not as rich neighbors, but as friends. We must prevent Wallonia from slipping more and more toward left-wing experiences. By virtue of the outdated industrial structure and due to the absence of a sufficient business spirit, the situation there will soon become catastrophic, especially since it appears that the recovery of the steel industry is delayed and is developing toward a new crisis. We must extend a helping hand and forget the past. After having been oppressed, we cannot become oppressors in turn. We must support any private Walloon initiative, without considering it down to the last

penny. Supporting the Walloon economy means supporting our economy. It would be dangerous to believe that a free-enterprise economy could exist in Flanders while another system would prevail in Wallonia. The Belgian franc does not have a good side and a bad side--that would deprive the franc of its value. The time has come to prove that community problems, due to the loss of time and the paralysis which they cause, can become very bad for the entire country and, since Flanders is prosperous, it is it who would lose most. Although it is true that the problems of Brussels anger us all, we have no rancor other than historical rancor toward the Walloons. We cannot become separated from each other and even an Italian-style divorce (in French, in the text) is impossible--so, why not try to live together in peace? It is perhaps too early to talk about these things in Flanders. But is it not our duty, as Flemish industrialists, to point up these dangers before the others? In the tradition of our great company presidents, such as Lieven Gevaert, Bekaert, and others, we must learn to look beyond our horizons and our frontiers. Not separated but together, we must surmount our economic difficulties."

After these memorable phrases, Madame Chabert smashed a bottle of champagne against the hull of the "legia."

Flemish Power in a United Economic Framework

This was a clear and carefully calculated message. It added up to a nice strategy to safeguard Flemish interests: Flemish economic power and German discipline within a united economic framework. The majority of the CVP leaders must have been charmed by this speech. There is no doubt that Leo Tindemans entertained the same neo-unity ideas at the time.

His attitude in the steel conflict was a very clear indication of that. Did he not go along with the people behind the Arbed-Sidmar association with the Charleroi triangle? That was a perfect unitarist solution because this multinational formula, heavily oriented toward Germany, abruptly put an end to the Walloon dream of once again having a Walloon steel entity. Here is another example illustrating Tindemans' unity preference: for the European elections, he was a supporter of a single Belgian electoral district. The European ambitions of the former prime minister at the time were no secret and it is clear that he assumed that his European weight would have been much greater if he had been able to speak in the name of all Belgium.

Let us just the same check him out on the basis of an excerpt from a speech delivered on the occasion of the opening of the academic year of the KVHU [as published] (Flemish Catholic Secondary Students Union) on 10 October 1977. "I have often declared in the past that there are groups in society which are more powerful than the government. In this respect, I made reference to the German publication concerning the lack of power in politics. Can one blame the government when it constitutes the weakest link in the chain of those who make the decisions? The myth to which some people stick and according to which governments have incommensurate means

of action, must yield to a realistic relativity. We must however make sure that this awareness is accompanied by greater and better-oriented authority on the party of the executive branch, even though it may be exercised under the control of the legislative branch. In Belgium likewise we need a strong authority to find a solution regarding the recovery of public finance and the problems of social security over the next several years."

In finance, the unity tendency is a part of the compromise between the "Flemish" capital groups and the General Company. Andre Leysen had already anticipated all that. He submitted his resignation as manager of Cobepa and for several years has been working at Antwerp with the OMB, the armament company which is under the "General Company." Let us not lose sight of the fact that an important portion of the Gevaert shares is still in the hands of Royale Belge, where Mark Eyskens was manager.

Anybody who expects anything else is a dreamer or did not learn anything from history. It goes without saying that the Flemish business community is convinced that the crisis is bound to bring about fundamental changes between the social blocs and a strengthening of executive power.

Labor Unions Seizing Power within CVP

Andre Leysen was acting as the spokesman of this tendency when, on 12 March 1976, he delivered an address to the Flemish University Students Association:

"On the political level likewise, Belgium looks like a poor relation. Because of the vast number of parties, the country has evolved toward a parliamentary democracy without authority. The government cannot act promptly and decisively since pressure groups and, in particular, the only organized group, that is to say, the labor unions, have assumed political power. Belgium can get out of this mess only if it manages to restore the consensus between the social conversation partners. This however presupposes a more balanced distribution of power between the state, the employers, and the workers. Between a powerful labor union and an organization of employers just as strong, political power must act as arbiter. This balance of power for the moment exists only in West Germany and it is an irony of sorts to see that country--after total defeat in 1945-- become the big European power of the decade to come. The power takeover by the labor unions also is emerging within the CVP which should be a party combining the interests and differences of the classes within one overall prosperity undertaking. One might ask oneself whether the considerable power slippages in that party will not forever cause the disappearance of what little stability there is in Belgium. The change in the outlook of the employers should be the foundation of Belgian recovery. The progressive employers must sign an agreement with the realistic labor unionists in order to get the train back on the track. The workers and the employers must understand that the time of historical hostility is gone and that a historical compromise must be worked out rapidly."

Here Andre Leysen plays the role of the wolf in sheep's clothing because, while he was uttering these unctious remarks, he took over control of the management of Gevaert with the help of the savings of the workers. The STANDAARD of 13 March 1976 termed his demonstration as a "warning." Andre Leysen thus appeared as a "teacher of thinking." We know that any teacher has his own submissive disciples; this explains why president Bob Stouthuysen repeated teacher Leysen's edifying words at the 9 May 1978 VEV Congress. The STANDAARD once again sounded the trumpets: "In second place, Stouthuysen pleaded for the restoration of the balance of power between the labor unions and the organizations of employers. He thought that there is a real danger of having the power of the labor unions derailed. The only force that can combat the excessive power of the labor unions is the interest of the worker," Stouthuysen declared. "This is why the authority of the national parliament, like that of the regional parliaments, recently, must be restored. The organizations of the employers and middle classes must be strengthened on all levels. We must aim for unity of objectives, of strategy, of action, and of language. Only power can reduce power," Stouthuysen declared. "The employers must acquire greater influence in the political decision-making process; the organizations of employers must not resign themselves to consider information addressed to the workers as the monopoly of the labor unions."

Andre Leysen had already unpacked his neo-unitarist appeal earlier, along with an appeal for reflection on the matter of federalism; he clearly wanted to put the brakes on the federalist evolutions. When he spoke those wise words, Andre Leysen did not yet hold a high post at Gevaert, which is presently the case. This is why his considerations assume even greater significance. The appeal for community pacification, which Leysen issued, produced little echo and, as the recession spread, confrontations of an economic nature multiplied.

There is no lack of adversaries. There is above all the present hard-line nucleus within the VEV with, among others, Vaast Leysen. Here we also have Paul Franken, a famous Fleming who feels that the Egmont Pact is not going far enough. The fact that this member of the board of directors of Kredietbank was able precisely to yield his place as manager at Gevaert to Andre Leysen undoubtedly is an indication of this. Lode Campo is also included among these adversaries. This boss of "C & A" supported the cyclist team of Eddy Merckx. He is by the way an intimate friend of Jos Chabert.

In recent years, VEV (Flemish Economic League) has emerged as rather war-like party which, by means of communiqus, open letters, newsbriefs, FINANCIËLE ECONOMISCHE TIJD or TRENDS, regularly provided fresh ammunition. In the meantime, the Louvain economists had finished their scholarly assignment and had arrived at the conclusion that Flanders was paying much more than Wallonia. The consequences of this study were not long in materializing within the CVP. Increasingly virulent criticisms were expressed on the allocations and compensations by Leo Tindemans and Eric Van Rompuy, chairman of the CVP-Jongeren [Youth]. And separatist voices

joined in from all sides in the CVP. During the last congress, it was discovered however that the Flemish Social-Christian Party had corrected its position. Now the idea was no longer separationism or economic federalism. They were as a matter of fact looking for the limits of the unity framework. Under the direction of the Louvain economists, the minimum conditions for the maintenance of the Belgian monetary and economic unit were spelled out in reality. The congress members approved all of this and the Catholic press spoke of an important congress. In short, there was to be no rupture with the past but instead there was to be a variant as compared to the earlier strategy, with radicalism manifesting itself mostly in a spectacular setup rather than in the final resolutions of the congress. The press that was close to the CVP put together an appropriate orchestration and public opinion got the impression that the CVP once again had vigorously defended Flemish interests.

It is possible, after all, that the CVP leaders might above all have been looking for this "radical" image in order once more to beat Volksunie [People's Union] during the next elections. If that should be so, then the risks taken this time are very big. One might in effect ask oneself whether the party leaders will once again be successful, in the final stage, in controlling the separatist tendencies. This question comes up in a very timely fashion because various Flemish employers are tired of the "Belgian phenomenon." In their eyes, Wallonia has become a synonym for budget deficit, for left-wing experimentation, and for social agitation. This is a dangerous disease which, in the long run, according to them, involves the risk of contaminating the Flemish people who are so industrious. But we can rest assured that this brief piece of thinking by businessman Akkermans does not go beyond this level. His construction sites are located in Flanders and he therefore no longer has any need to think much further ahead.

Limited as they are, these theories can expect favorable reception in Flemish circles which are most in view. A "Berlin wall," between the North and South, would permit the easier maintenance of the "Flemish social model." There are many employers who are attracted by this kind of solution, even though separation may be an economic aberration. It is clear that the Flemish business world will once again engage in quite a few disputes on these topics.

Normally, all of this should also lead to serious tensions within the CVP and should paralyze that party. This necessarily opens up new prospects for the Flemish socialists.

Here, then, are the broad outlines of the economic and the political forces within which the power struggle will develop over the years to come. Things are simple for Flanders: the important thing is to observe which tendency will win. Regardless of what tendency that may be, we can rest assured as of now that it will hoist the flag of the CVP.

LABOR MINISTER'S STATEMENT THREATENS CABINET, LO PACT

Copenhagen INFORMATION in Danish 5/6 Jan 80 pp 1, 15

[Article by Ilse Olsen, Ejvind Larsen and Bent Larsen: "Thomas Nielsen Again Attacks the Government—Does Not Want Law About Security"]

[Text] Minister of Labor Svend Auken rejects the disagreement. Confrontation between Anker Jorgensen and Thomas Nielsen.

Apparently a new fight has started between the government and the trade movement. The chairman of the Danish Federation of Trade Unions, Thomas Nielsen, was after a meeting with Labor Minister Svend Auken on Friday quoted in the TV JOURNAL as saying that the government's proposal about a security reform "comes as a dog in a bowling game. Parliament has nothing to do with that. Longer warnings about layoffs and increased security in employment; for instance, during the introduction of new technology at the places of work; these are questions to be agreed upon or to be included in a new main agreement with the employers. Of course, we ourselves will negotiate our agreements and make a new main agreement with the employers. That's how it is today, and that's how it will continue to be." According to the TV JOURNAL, Thomas Nielsen also said that the reason for his opposition against a law in this area was that the Danish Trade Union Federations have very different opinions about increased security.

The radio news also quotes Thomas Nielsen as being opposed to security reforms. Labor Minister Svend Auken told INFORMATION that there was disagreement in the meeting between him and Thomas Nielsen.

Dead Wrong

[Question] "According to the Radio Journal, you have been told by Thomas Nielsen in 'quite unambiguous terms' that the government will not prepare any security reform?"

[Answer] "That's dead wrong. It is completely wrong," says Svend Auken.

[Question] "What's the truth then?"

[Answer] "It is that we are following the line we have followed all the time, namely that we are ready to discuss with the partner in the labor market what form for security and safety can be guaranteed people when technological breakthroughs take place or when companies shut down. And we agree completely that there is no disagreement at all between Thomas Nielsen and me.

"What happened is that the government told parliament that we will consider proposals which can guarantee people better security in those situations which have been mentioned. This we intend to investigate in more detail and to discuss with the partners in the labor market. On those points there is no disagreement at all between the trade movement and the government. We have absolutely no secret agreements of any kind on how it can be done. This is what we will investigate and negotiate."

[Question] "This means that it is not certain that it will be in the form of a legislative proposal?"

[Answer] "I believe that there will be a legislative proposal, but it will not be a legislative proposal affecting the basic conditions in the main agreement. Thomas Nielsen and I agree that it is not desirable to carry through legislation affecting the main agreement."

Demsitz' Proposal

[Question] "Does that mean that Thomas Nielsen has nothing against a law being passed somewhat in accordance with the model which Magnus Demsitz has outlined?"

[Answer] "No decision has been made at all whether it will be according to that model. I have had no opportunity to analyze that proposal. But there is definitely no disagreement that there is a need for additional security with regards to technological progress and with regards to the closing of companies."

[Question] "As far as Thomas Nielsen is concerned, it can easily be carried out by law?"

[Answer] "Yes, but one must obviously take into consideration which agreements have been made in advance, and one must not interfere in the general freedom to make agreements with main agreements and layoff notices, etc., and this is what I have been saying all the time. But there are no agreements on how it will be done, and I don't know yet how it will be done."

Surplus Sharing From January 1

[Question] "When will the proposal about forced surplus sharing come?"

[Answer] "It comes immediately when we have completed the negotiations, and this means primarily the radicals and the Socialist People's Party. We have not had an opportunity to complete those negotiations before parliament enters. We have just finished one round where we did not succeed. This

means that the proposal can come either in the spring or it can come early in the fall so that it will go into force on 1 January 1981."

[Question] "Can we expect that the proposal for sharing the surplus will be tied in with the economic intervention which Minister of Finance Svend Jakobsen has said will come in any case during 1980 and may be moved up till before the summer vacation due to the wage requirements?"

[Answer] "I don't believe the wage escalation will be so large. Even though I understand the bitterness and the indignation quite well, I still do not believe that it will be as strong as some people imagine. I believe that people realize quite well that if large wage increases are forced through, it only makes the requirements for intervention more urgent. But it is clear that when the intervention here in December did not become as strong as we had wanted, there will be tightening up towards the end of the year.

"With regards to the sharing of the surplus, we will be pushing the proposal regardless of the economic outlook. We will make the proposal as soon as there is a basis for it in parliament. If there is a majority for it in the spring, it will come in the spring regardless of whether there will be economic intervention in the spring or not."

[Question] "And if there is no majority in parliament during this government?"

[Answer] "I believe there will be a majority. I believe there is a majority for getting started with the arrangement for sharing the surplus. I will make no comment at all on the possibility that there may not be a majority because I think that's nonsense," says Svend Auken.

One of the originators of the security proposal, a former environmental consultant in the Special Labor Federation and newly elected Social Democratic member of parliament, tells INFORMATION that he has no intention to abandon the proposal even if Thomas Nielsen should be against it.

"Politically we are allowed to come with those points of view and the proposals we have, and large trade federations have backed the proposal. A federation like SID [Unskilled Workers] will make a big thing out of this, and Women's Labor Federation has made very positive statements about it. These two federations alone constitute far more than one-third of the members in the Danish Federation of Trade Unions, and it is federations whose members are really exposed in the labor markets. If they want a safety reform, they must have a preference right as compared to those who are in a better position in the labor market," says Magnus Demitz.

The battle between the government and the trade movement broke out already on Thursday.

In a meeting in the Workers Joint Organization in Copenhagen, Thomas Nielsen and Prime Minister Anker Jorgensen met for the first time since in a business committee meeting in the Danish Federation of Trade Unions on 17 December

they parted in anger after a discussion of the economic agreement the Social Democratic government had made with parties in parliament the day before.

In the Joint Organization meeting it turned out that the feeling between the trade movement leadership and the Social Democratic government has not improved during Christmas. Both Thomas Nielsen and Anker Jorgensen went through the agreement, and as far as the chairman of the Danish Federation of Trade Unions was concerned, this also included a rejection of the government's method of approach.

"Now I have got three kicks in the rear end. I won't stand model for that any more," said Thomas Nielsen. And by this he referred to the August compromise in 1976 between the Social Democrats, the Liberals, the Conservatives and the Radicals, the formation of the Socialist-Liberal government in 1978 and the conclusion of the compromise on 16 December 1979. Thomas Nielsen made the assembly aware of the fact that in the contact committee meeting on 15 December it had been agreed that the contact committee was to be called in again if any of the 18 points in the government's overall plan was to be dropped. Already in this contact committee meeting people from the Danish Federation of Trade Unions had said that they were ready to hide away the economic democracy point if the political situation required it. It had been emphasized that one wanted to have some influence on what other points also were to be dropped. This had been promised in the meeting of the contact committee on 15 December, but Anker Jorgensen still sold the economic democracy demand already the day afterwards without discussing it with the contact committee.

"Anker Jorgensen was blinded by his own tactical manuevers. The result was a panic solution, which leads to new economic intervention during 1980, and it will weaken the credibility of both the trade movement and the Social Democrats," said the chairman of the Danish Federation of Trade Unions at the closed meeting with 120 Copenhagen trade union chairmen.

Anker Jorgensen defended himself in the meeting by saying that it does not help to come with good proposals if they cannot be carried through in parliament. He also tried to appeal to the chairmen in the trade unions to get them to avoid too hard use of the promise paragraph in the mobile wage system. But he did not get to take home any promise. On the contrary, both Thomas Nielsen and several Social Democratic representatives said that in a situation where the members of the trade movement lose several high-cost-of-living portions without getting anything in return and can expect further drops in real wages through new tax and duty increases, one cannot expect the members not to come with wage demands.

In the meeting most Social Democratic representatives backed Thomas Nielsen's criticism of the government. Several of the people in the trade union mentioned that they cannot keep on going out in an election campaign where they tell their members that the Social Democrats will conduct the labor policy, when the same part immediately afterward carries out an economic policy which primarily hits the workers.

COMMENTARY ON 'IRRESPONSIBLE' HANDLING OF CRISIS PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jan 80 p 18

[Editorial: "From Stone to Stone"]

[Text] What kind of ideas do Anker Jorgensen and his ministers have about their own contribution and the country's situation? It is as if they allow themselves to believe that they have done their job because they have bungled a series of measures through parliament. In spite of the fact that these measures did not get the content which could have laid the foundation for a change in course. It is as if they have decided to close their eyes to the threats against society's welfare which the economic development contains. And this in spite of the fact that the hard facts are sure as rock in their marking of the threatening precipice. Anker Jorgensen warns the population against fear of the future as the worst enemy although he himself must feel a cold sweat at the thought of how it will go.

If the government, which has been so anxious to have the responsibility, is about to convince itself that it has lived up to this responsibility, it becomes guilty of a fatal miscalculation--fatal to itself and to the society it has assumed responsibility for. It cannot pretend it has solved the problem. If it does that, the facts will sooner or later topple it. And society's situation will not be improved, but become worse. The general solution which Ander Jorgensen believes he almost get through may get some positive effects. However, they will be without much value if the are not immediately followed by additional efforts. The government must--if its efforts so far are not to turn out to have been largely in vain--ceaselessly use its forces to prepare and carry out the long-range structural changes, about which there has been a great deal of talk but not much has been done.

This involves the considerable changeovers in the expense policy, which must necessarily take place both for the state and for the municipalities. A reorganization is unavoidable in practically all areas of public activity. Society must decide on an expense policy which means reduction and flattening out. It will be necessary to carry out considerable changeovers in large areas of our society. As all earlier savings efforts have shown,

this is an effort which is more difficult than any other. It involves traditional systems and traditional rights. It restrains even well-founded initiatives, and it cuts ministers off from their desire for fantasies with reforms and projects which they feel an urge to work with. It is changeovers which cannot be carried out from one day to the next, maybe not even from one year to the next. It is therefore a condition for a satisfactory result that the planning and the execution be initiated without delay.

The government cannot be considered to be a responsible government if it imagines that it can avoid starting this job. It becomes guilty of treacherous failure to itself and society if it believes that some time during the year it will pull itself together to a new acute crisis plan. Society is not served with a government which jumps from one stone on the beach to the next. It must work in such a way as to build dikes to prevent the big flood.

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CSO: 3106

PROGRESSIVES' CHAIRMAN ENTERS INTERNAL PARTY FIGHT

Copenhagen INFORMATION in Danish 4 Jan 80 p 12

[Article by Hans J. Poulsen: "People from the Progressive Party in a New Year Fight"]

[Text] The Progress Party's loss of 107,000 votes and six representatives in the parliamentary election in October 1979 has not dampened the unrest between the two fighting sides in the party. In the coming year too the situation has been prepared for internal fights between the national chairman and the majority in the parliamentary group on the authority. The first run-in in 1980 will be a meeting in January between the main administration and the group from Fyn which will hold on to the right to continue to nominate the "slacker," Member of Parliament Jorgen Junior, as candidate.

Politics

On Christman Eve the chairman of the Progress Party, A. Roland Petersen, sent a letter to Member of Parliament Jorgen Junior and informed him that he is not wanted as parliamentary candidate for the Progress Party. Immediately after Christmas Jorgen Junior in a letter to all members of the party's main administration replied that he considered the decision to be a "wet, verbal new year's Chinese." And in a New Year's letter the members of the parliamentary group received an orientation on what had taken place from Junior, which concluded that he "did not want to waste any more time on the subject, but only continue my work and assume that the decision made by the main administration is meaningless."

The unrest around Jorgen Junior's person and the party's elected organizational administration has its roots back in the EEC election campaign this spring. Here Junior got into a fight both with Mogens Glistrup and his preferred EEC candidate Kai Nyborg. "If you don't like senior, then vote for Junior," reported Jorgen Junior, who was also a candidate to the European Parliament.

Kai Nyborg was elected as the only Z-candidate to the EEC parliament, but the unrest continued. In June the main administration--against the protests of the Naestved circle--decided that Jorgen Junior could not continue as parliamentary candidate. When the parliamentary election was initiated at the end of September last year, the Otterup circle on Fyn wanted to set Jorgen Junior up as a candidate. Then it was possible to defy the "tight Mogens Voigt, who also was a candidate from Fyn.

The main administration reluctantly agreed to let Junior be a candidate. Many did not expect that he would be elected as the party's second candidate from Fyn, and even Junior himself did not have much faith in it since the opinion polls predicted a marked drop for Glistrup's party.

Surprisingly, however, the "slacker" Jorgen Junior came in with 4,862 personal votes (50 less than Voigt). The lightning action, in which Junior had invested 35,000 kroner for use in the election campaign, gave results.

It was during this election campaign that the Progress Party held its national meeting with tongue in cheek. In order to prevent emphasizing the split-up to the outside precisely at that point, the national meeting decided with a slight majority to reelect A. Roland Petersen to the chairman job. This is the same Roland Petersen, who in DANSKE TIDENDE has written that 12 of the members of the parliamentary group are no longer worthy of representing the Progress Party. An attempt by the national chairman at dismissing the leader of the parliamentary group secretariat and its organizational apparatus, Niise Simonsen, seems to have run out of steam.

It was on 19 June last year that the main administration decided that Jorgen Junior "cannot be a candidate on list Z in this parliamentary election." However, an exception was made in the October election, and this has been interpreted by members of the six-man main administration in a meeting in December to mean that the dispensation applied only to the October election, and that there is no reason for taking the case up again.

Otterup's Self-Determination

On this basis the national chairman has thus now told Jorgen Junior that he is not wanted as a candidate for the party any more. The administration for the district association in Otterup, however, has written to the main administration that they want to stick with Jorgen Junior's candidacy, and that they still believe that Junior is entitled to being a candidate even after the decisions made in the main administration: "Since the Otterup district itself wants to determine who will represent us, we can naturally not approve of the decision a majority of the main administration's six members has made."

But the last word in the fight between the "tights" and the "slackers" about where the authority should properly lie--out in the district or centrally in a main administration--has hardly been said. And this is a test of strength in which the campaign leader Mogens Glistrup himself keeps a very low profile.

NEW WHITE COLLAR UNION CHIEF LIKELY TO SUCCEED NIELSEN

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jan 80 p 18

[Article by Poul Flemming: "New Man on the Way"]

[Text]



Portrait of the Trade and Office Workers Union's new chairman, who is expected to become Thomas Nielsen's successor. Jorgen Eiberg: "We will urge our members to increase the wage activity if they are to keep the skin on the nose at all."

The fight for the chairman position in the Danish Federation of Trade Unions is already smoldering, and guesses are already being made on who will succeed Thomas Nielsen. One guess is the new union chairman for the Trade and Office Workers Union, the 44-year-old Jorgen Eiberg.

Thomas Nielsen is expected to leave the chairman position in the Danish Federation of Trade Unions in the middle of the 4-year congress period, i.e., in a couple of years, and a couple of parts, which can bring Jorgen Eiberg to the forefront of the trade movement," have already fallen into place." The former union chairman Max Harvøe in the Trade and Office Workers Union has been "picked up" for the position as chief treasurer in the Danish Federation of Trade Unions--traditionally a dead-end position, and

Eiberg thus gets time as new union chairman to, with Thomas Nielsen's support, become even better known within the trade movement.

Jorgen Eiberg has been active within the Trade and Office Workers Union since he started as hardware shop trainee, and in the last 20 years he has been department chairman for the Trade and Office Workers Union's approximately 90,000 members in Copenhagen. On 21 January he moved into Harvoe's office on H. C. Andersen's Boulevard as chairman of the country's next largest union with approximately 273,000 members.

Since he was elected as union chairman, Jorgen Eiberg has been in a period of getting out of those tasks he had in the unions in Copenhagen, the Workers Joint Organization in Copenhagen, AOF [Workers' Educational Association], the People's House, the Representative Center, the Trade and Office Workers Union in Copenhagen and the Trade and Office Workers central division. After 21 January the new union chairman will primarily concentrate his forces on the organization's giant problem: continuous post-education and retraining.

That Jorgen Eiberg is a leader in the trade movement is most markedly clear from the fact that he participated in the last two contact selection meetings on the government's crisis plan with participation of representatives from the government and the Danish Federation of Trade Union business committee, the two meetings, which preceded the furious confrontation between Anker Jorgensen and Thomas Nielsen on 17 December.

The Situation

Jorgen Eiberg says:

"We in the Trade and Office Workers Union, in line with the other unions, had said that if such being measures were to be carried out, it had to take place as a whole, today we know that there was no integrated solution, and we also know what was taken out.

"Today we also know that it is the wage earners who must pay in cash, most quickly and hardest. Of course, we have also noted that the wage formation continues as previously. In the JOURNAL OF THE TRADE AND OFFICE WORKERS UNION we will therefore in January urge our members to strengthen the wage activity if they are to have any chance at all of keeping the skin on their noses, which there has been talk about. The sad part about the wage activity is that in all cases where one is talking about wage increases, in actuality there is no talk about increases. In many cases there is instead talk about service improvements, larger profits if one sells more or works more quickly or possibly acquire a new technology. And this was probably one of the biggest holes in the legislative proposal, which thus came to naught: that one wanted to carry out a complete wage freeze without taking into consideration increased effectiveness and increased production rates, etc, which did not benefit the workers too.

"But since the wage freeze was not carried out, since we in return got a certain start on the wage earners co-ownership right--we must of course recognize that the government and parliament shortly must come with other and at least equally severe measures to suck up a little more money. But what always hurts the wage earners most is the fact that three high-cost-of-living portions disappeared forever. And when the oil price increases simultaneously were taken out of the price calculation, it can in the end be a quite considerable amount which the wage earners will have to pay.

"But one fortunate thing must also be mentioned then--the small flash of light that the poorly paid workers in spite of everything get a certain compensation in advance effective 1 March, namely the value of two high-cost-of-living portions, which dropped out, or an additional 1.20 kroner. This must again be compared with the fact that the poorly paid workers at the second step of the agreement--even after the government's measures with the extension law--get an additional 75 ore starting 1 March. So overall one must in spite of everything realize that the poorly paid workers have in spite of everything received compensation for the first 1.95 kroner per hour in connection with the government's measures."

The Correct Thing

"It has been seen that the trade union leaders presumably also--because the soon 63-year-old Thomas prepares to retire--are gradually about to choose sides either for Anker Jorgensen or for Thomas Nielsen. Many clearly went against Thomas Nielsen when Anker Jorgensen came with his and the government's shaved solution. Whom would you have backed?"

"Both."

"This sounds very diplomatic."

"Of course. But, for one thing, both the overall solution and the line which was presented in the contact selection meetings I participated in were correct, and Thomas Nielsen defended this line as representative of the trade movement. For another thing, it turned out that the government could not come through with the integrated plan in parliament. And the general feeling about an election on 22 January--just a short time after the election on 23 October--told us that relatively few mandates would be changed in parliament. For parliament as such the situation would be precisely the same as after the election on 23 October. What would not be the same would be the country's situation on 23 January because the price regulations which had been carried out, the wage freeze up to 1 January, had not been followed up by other legislation. Then the situation would have been incomparably more difficult after a new election, and this would also have been true about Denmark's competitive position and our cost level. The devaluation would have been lost completely on the floor and thus also the improved carrying home of effective currency with the green pound. In this situation I believe that Anker Jorgensen, since he could not get his integrated solution through, still did the right thing

by not calling for elections. Those elements which were eliminated from the integrated solution could not carry an election. But the integrated plan was correct."

Thomas Nielsen

"From several sides it has been said that you are on the way to the position as chairman of the Danish Federation of Trade Unions as a new ayatollah in Denmark."

"There is no ayatollah in Denmark."

"This is what many people have said in letters from the leaders while referring to Thomas Nielsen's style, and he has also been described that way in several leading articles."

"It is a pity that the people who say things like that do not know him. With the knowledge I have of Thomas Nielsen, including from the latest negotiations, I can only say that Thomas Nielsen is a strong, a determined person, but he has in urbane tones and phrases tried to maintain the policy which the business committee of the Danish Federation of Trade Unions had adopted. And one doesn't become an ayatollah from that."

"However, he expressed himself very sharply after the latest meeting between Anker Jorgensen and the business committee of the Danish Federation of Trade Unions."

"If the citations come from the boulevard press, they are not worth a penny. As an example I can mention that one of these papers recently cited me for something I was supposed to have said in a meeting I had not participated in at all. And the same paper had not talked to me either."

"But are you on the path to the job as chairman of the Danish Federation of Trade Unions?"

"Let me now first become chairman of the Trade and Office Workers Union. Nobody comes roaring in out of the cold as in another spy film and becomes chairman of the Danish Federation of Trade Unions. As far as I have understood, Thomas Nielsen leaves in the middle of the congressional period, i.e., in approximately 2 years. Then Knud Christensen as vice chairman will automatically become chairman up until the next congress, and nobody has told me that they might imagine me as chairman. I do not want to deny that in 10-20 years I might possibly be mentioned, but it is nothing immediate."

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COUNTRY SECTION

DENMARK

BRIEFS

SOVIET OIL UNCERTAIN--Total uncertainty about 15 percent of the Danish oil supplies. This is the situation today after the Danish oil companies still have not received a contract for oil deliveries from the Soviet Union, which normally delivers approximately 1.6 million tons of raw oil and approximately 800,000 tons of finished products to Denmark. It is the two oil companies Gulf and Shell which receive the raw oil. Gulf's administrative director D. S. Keep tells BERLINGSKE that the only thing which can be said with certainty at the moment is that the Gulf refinery does not receive oil from the Soviets in the first 3 months. Gulf normally gets approximately 30 percent of its oil from the Soviet Union. Neither does Shell have any survey over the year's supplies from the Soviet Union. Shell's share normally lies at approximately 25 percent Soviet oil, but the only thing the information manager Margrethe Skov could tell us today was that it is steadily being negotiated, but that neither quantities nor prices have been agreed upon. The information manager, however, tells us that a load of raw oil has arrived from the Soviet Union today for the refinery in Fredericia. The situation has not yet been discussed in the joint council of the Oil Department, and nothing can therefore be said about whether the 15 percent can be covered from the other side. [Text]
[Copenhagen BERLINGSKE TIDENDE in Danish 8 Jan 80 p 1] 8958

CSO: 3106

COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

TRADE UNION PROTESTS SOVIET INVASION OF AFGHANISTAN

LD232140 Hamburg DPA in German 1800 GMT 23 Feb 80 LD

[Excerpt] Moscow--The leadership of Ig Metall has protested in Moscow the Soviet Union's military intervention in Afghanistan. The head of Ig Metall, Eugen Loderer, and his deputy, Hans Mayr, stated in Moscow today that during a talk of several hours with Ignatiy Kostyukov, chairman of the Soviet Union of metallurgical industry workers, they made it clear that the USSR had violated the principles of integrity, noninterference and independence of states, principles which it itself had [?stated] to be binding. This had brought a worsening of the climate internationally, and everything had been made more difficult for detente.

Kostyukov was asked, Loderer went on to say, to pass on Ig Metall's "unequivocal standpoint" to appropriate Soviet bodies. Loderer and Mayr agreed that Kostyukov had reacted thoughtfully to the remarks made by the German trade unionists. He had maintained that the Soviet action in Afghanistan was necessary in the interest of his country, and had to proceed.

Loderer stressed that in spite of these events contacts had to be maintained in accordance with the federal government's policy. There was no reason to freeze or even break off the contacts begun in 1972 in the wake of Bonn's Ostpolitik.

CSO: 3103

MINISTER MATTHOEFER OUTLINES AID MEASURES TO TURKEY

DW221105 Cologne Deutschlandfunk Network in German to East and West Germany
0629 GMT 21 Feb 80 DW

[Interview with Federal Finance Minister Hans Mattheofer by correspondent Milhan--apparently recorded in Bonn]

[Text] [Question] Different figures can be heard about the envisaged aid to Turkey. Do you have a sum of money in mind which you think the Turks needs?

[Answer] No, it is impossible to tell as yet. You see, this involves a highly complicated operation. First of all there is the aid to be organized within the framework of the OECD. We will have to wait and see what the individual countries--there are about 18 or 20 of them--will donate and in what form. Half of what was promised last year has not yet been transferred.

Then there is an international currency front under which an aid credit is to be agreed. On the other hand, Turkey is entitled to payments from quotas whose amount is not exactly known either. Next is the negotiations with the World Bank, with the European Community. In addition, there is the funding of Turkey's debts to date which will be handled by the Paris consortium. Again it is necessary to differentiate between the publicly guaranteed credits and the private export credits which have not been backed by guarantees. So all this is very difficult.

Military aid needs to be added too. It will take at least until 25 March before the GEWA [expansion not known] conference of the OECD will convene in Paris. I believe that we will have a clear idea about the dimension of the aid when the conference is over.

[Question] You have said already that the funds from last year have not yet been called up, at least not in their full amount. Does this not indicate that too many preconditions are linked with this grant to make it an effective, actual aid to Turkey?

[Answer] Yes, I am inclined to agree with you. The funds that have been called up are those from the Scandinavian countries, the United States, Switzerland and the FRG. All other countries have raised conditions in different form, such as: This must be set aside for a specific project; and then, the deliveries for this project must come from our country to boot. It is part of my efforts to change these conditions to a point where the funds promised last year can be called up before the end of this year.

[Question] Turkey has great problems itself. Statistics show an unemployment rate of about 20 percent and an inflation rate of about 80 percent. Are these problems not so fundamental that nothing much can be changed about them with a small or even a somewhat bigger credit?

[Answer] I must agree with you on that. But the figures make the problem appear a bit worse than it is. It is not quite that bad because about 40 percent of Turkish industry is not fully exploited. If more or less solid conditions were reestablished and if there were enough oil and fuel, capacities could be quickly exploited again and unemployment could be curtailed. In the sixties and seventies Turkey had real economic growth rates of 7 percent so that it was actually just lagging a bit behind Japan.

[Question] Will financial injections help, or is it necessary to have a long-term concept covering several years?

[Answer] A long-term concept is necessary from the side of the donor as well as for the Turkish side. The Turkish Government has taken a number of courageous measures embarking in the right direction. It is now a matter of imbedding the OECD help in a long-term or medium-term perspective.

CSO: 3103

MARCHAIS DEFENDS PCF'S PRO-SOVIET POSITION ON AFGHANISTAN

Paris L'HUMANITE in French 23 Jan 80 pp 3, 4

[Interview on 21 January of PCF Secretary General Georges Marchais on "Cartes Sur Table" television program: "90 Minutes for Peace and Truth--The Secretary General of the PCF Explains the Communist Policies for Peace, Independence and Revolution"--passages in slantlines originally in boldface]

[Excerpts] /On Monday evening Georges Marchais was the guest on the program "Cartes sur Table" on Channel 2. Questioned by Jean-Pierre Elkabbach and Alain Duhamel, the secretary general revealed the PCF positions on the recent events in Afghanistan, popular liberation movements, and the struggle for peace. Georges Marchais also discussed the recent and important meeting in Moscow between French and Soviet communists. The PCF secretary general lastly showed how Francois Mitterrand had never acted for unity and called upon workers to strengthen the forces of our Party in order to develop at the base a new unity which is alone capable of imposing the changes of which the country has need./

A. Duhamel asks the first question:

[Duhamel] /Enrico Berlinguer has said that he considered the Soviet intervention in Afghanistan was "inexcusable." You have a different opinion. Why?/

[Marchais] First of all, in all that concerns the taking of positions by the different political parties on the international situation, it is proper to be rigorous. I heard it said, just now, on your station, that the PCF was isolated, that it found itself alone.

Mistake! Grave mistake!

You know, I have been travelling a lot lately. I met with 13 or 14 chiefs of state, leaders of political parties or heads of national movements. I found many points in common between the PCF and these leaders in their struggles for progress, a new international order, peace.

And so I do not find us isolated. I would add that the PCF has upon occasion found itself alone in its positions. This was the case in 1934, in 1939. In the face of wars in Indochina and Algeria. And, each time, the PCF was right.

It is fitting thus to examine seriously the positions taken by the political parties on international questions; it is fitting to see whether they are just, or not, to test them against experience.

Regarding Afghanistan, what is in question? There is first of all the right of the peoples to determine for themselves, in all circumstances, the social regime which suits them; the right of the people to their independence; and noninterference.

As for the PCR, its position is without equivocation. We are for the inalienable right of every people to its true national independence, its right to determine for itself the social system which suits it best. There is a position of principle to which we are firmly attached.

But we live in a world where two systems confront each other: capitalism and socialism. Now it is clear that the capitalist system does not intend to leave people the right to decide their own future themselves. Imperialism intervenes everywhere it can to prevent the people from choosing the social system they want. One can give many examples of imperialist intervention, whether of America or France or others, in Europe, in Asia, in America, or in Africa. I have in my papers a document which shows that in France units of the French Army are decorated for their interference in the internal affairs of the African people.

Give Imperialism Free Rein?

In these conditions, what must the progressive forces do? Be satisfied with restating a principle, a goal...and let imperialism intervene through all its means, political, economic, military?

Thus in Angola, we should have said [italics] "give imperialism free rein," [end italics] and sacrificed years of struggle by the Angolan people.

In Nicaragua, American imperialism brought its support to the fascist regime of Somoza...

[J.-P. Elkabbach] /There were no American tanks in Nicaragua! /

[Marchais] In Nicaragua? But I was there! There were 40,000 dead in just the city of Managua. American imperialism intervened just at the last minute, just at the moment Somoza must have left his bunker. And Giscard d'Estaing did not lift his little finger!

[Alain Duhamel] /How do you apply to Afghanistan the three principles you mentioned? /

[Marchais] There has long been a special relationship between Afghanistan and the USSR. A first treaty was signed in 1921, another in 1931.

In 1978, the Afghan people rebelled against the feudal regime and inaugurated a new democratic regime. This regime set as its aim to struggle to free the country from the feudal oppression which weighed on it, from the tyranny which kept it in its backward state.

This new regime concluded with the USSR a third treaty which defined the political, economic, scientific, and cultural relations which should exist between the two countries. In this treaty, one article provides that in case one party should judge it useful, it can call upon the other.

It developed that Afghanistan, in attempting to create a new democratic regime, came into collision, in the interior, with the feudal reactionary forces which were receiving support from external forces.

These external forces were installed in Pakistan, where there exist military bases which are intervening directly in Afghanistan.

/J.-P. Elkabbach remarks that CBS denied the information George Marchais gave on this subject: the [alleged] broadcasting on an American television network of a film proving the existence of these bases./

I stand by my statement. I have here the date, the hour when the film was shown. I want to see whether there is enough honesty in our country to show this film, which exists, and which proves the existence of these bases in Pakistan, from which are launched the foreign forces which are intervening in Afghanistan.

This is why the Afghan people appealed to the USSR, in accordance with the new treaty.

What appeal would we have if we rested with hands folded every time a people goes into the struggle and imperialism intervenes against it? If we said, [italics] "Go ahead, noble imperialists! Continue to massacre those who want to win their independence?" [end italics]

If we had this passive, negative attitude, we would be some revolutionaries! Well, we are a revolutionary party! This is why we stand side by side with all the forces that struggle against imperialism for social progress, democracy, and peace. And each time there is an intervention of this nature, we stand shoulder to shoulder with the revolutionary peoples and forces.

[Alain Duhamel] /Enrico Berlinguer and Santiago Carrillo take the opposite position from you.../

[Marchais] You do not understand that the PCF determines its policy on all questions in complete independence. Without consulting Enrico Berlinguer, or Leonid Brezhnev, or Santiago Carrillo. We do so by asking our Central

Committee which debates and decides our orientation. But all this, you have difficulty understanding.

[J.-P. Elkabbach] /It is difficult to believe.../

[Marchais] And yet we ourselves have no need of a leader. We and the PCI have two different attitudes on this question. But we must take it further.

[Alain Duhamel] /Why did Iran condemn the Soviet intervention in Afghanistan?/

[Marchais] That is Khomeyni's affair. I repeat, the question is this: Yes or no, do the forces exist to impose peace? The answer is yes. And the first of these forces is the Soviet Union.

I have seen Brezhnev...

[J.-P. Elkabbach] /Was he in good form?/

[Marchais] He made a statement of more than an hour in length.

[Alain Duhamel] /What you just finished saying, is that what he told you?/

[Marchais] You have not got it through your head that I too have a brain! I am a militant worker who, with his comrade workers and comrade intellectuals, is capable of proceeding with an analysis.

I therefore posed the following fundamental question to Leonid Brezhnev: you are the head of a great state which bears a great responsibility. It is important to know whether the policy of the USSR still remains a policy of peace, detente, and disarmament, whether the policy you pursue truly remains the struggle for the inalienable right of each people to choose its path. I said: I ask you this question solemnly.

I saw that Leonid Brezhnev was surprised by my question. Because this is self-evident: the USSR pursues a policy of peace; socialism IS peace. Leonid Brezhnev answered me as follows:

[italics] "Comrade Marchais, I can assure you that the policy of the Soviet Union has not changed.

[continue italics]" If we intervened in Afghanistan, it is because we were constrained to do so. We considered it at length. Already Taraki had asked us to intervene. We did not do it. When Amin came to power, he asked us to honor the treaty concluded in 1978 and intervene. We did not do it. We have done everything to avoid intervention, knowing that this could create a climate of tension.

[continue italics] "But the Pakistani foreign intervention, guided by remote control by the United States, made our intervention indispensable.

[continue italics] "If we had not done so, we would not have honored the treaty which we had concluded in 1978 with the Afghan government.

[continue italics] "I can assure you," [end italics] Leonid Brezhnev continued, [italics] "that the policy of the USSR is and will remain unchanged. Peace and disarmament remain our goals." [end italics]

I would add that, in the joint communique which we signed with the CPSU, in the interview which Leonid Brezhnev gave to PRAVDA the Soviet leader put forward concrete new disarmament proposals.

To come back to Afghanistan, Leonid Brezhnev assured us that the Soviets will not stay there longer than necessary, but only until foreign intervention ceases. Moreover, he said, the Soviet troop mission is not to fight in the interior, but to protect the borders against foreign incursions. What I mean here is that, contrary to what one can learn on the television and radio, the reporters returning from Afghanistan have views which do not correspond to your speculations.

[F. P. Elkabbach] /What do you think of Mr Carter's statements proposing to boycott the Olympic Games?/

/Carter is in the Wrong Century!/

[Marchais] President Carter is not very serious. This morning, it was like a slap in the face seeing this claim which consists on his part in declaring that in some way French athletes should not participate in the Olympic Games. Carter must think he lives in the Middle Ages!

He is always wearing hide boots and beating his chest! He thinks this is some other century! Moreover, I am surprised that neither Mr Giscard d'Estaing nor the prime minister have protested and put Mr Carter in place.

I recall that this is not a matter for governments to decide. The decision is up to the national committees and the International Olympic Committee.

As for me, I think the Olympic Games should go on, and in Moscow.

The Olympic Games are a great moment for sports for the youth, for all peoples.

Stones are cast at the Olympic Games as if we were not speaking of a magnificent international manifestation in every way. I am certain that many, like me, shudder at the thought, seeing these men and women, in the stadium or the swimming pool--men and women of all races and all social systems--struggle to be the best, to be the first to climb the podium, to break all records. What wondrous sport! Whites, Yellows, Blacks, all nations, all races meet at the stadium. Some like drugs. For myself, I prefer the Olympic Games over drugs.

One must respond in two ways to Carter:

First, we are going to the Olympic Games!

Second, Mr Carter, you are insolent. We forbid you to speak to us in such a manner, to a country such as France which has won the great fight for its freedom and its independence.

[J.-P. Elkabbach] /You said in Moscow that the only difference between the Soviet Communist Party and the PSF lay in the fact that one was in power and the other was not...]

[Marchais] I stand by what I said: we want to come to power, and as quickly as possible! Of course, not alone. But we want the Communist Party and the workers that it represents to assume their full responsibilities. This is an absolute necessity.

Real experience has shown in fact that when the communists are in the government, as they were at the time of the Liberation, there is practices a policy of social progress, democracy, and peace. But when they are run out of the government, even if the Socialist Party is in it, one finds a policy of social regression, of colonialism, of jeopardizing national independence.

The participation of the communists in government is thus clearly a necessity for the good of the workers and to get the country out of crisis.

We want to reach socialism on the democratic road. And we want a socialist society which will be nothing like existing socialist societies, because we want a French socialism.

We are French! We have our customs, our traditions. Our people won their rights, their freedoms, their way of living and working. Believe me: the socialist society in France will be "blue, white, red!"

/The PSF Broke Its Promises/

[Alain Duhamel] /Recalling F. Mitterrand's comments, must one conclude that the left has two foreign policies?/

[Marchais] Yes, the left does have two foreign policies.

Why this situation? Quite simply because the PSF broke the promises it made to us in 1972 when we signed the common program for government.

I will give you some examples.

When I was in Moscow, I read the communique signed jointly by the CPSU and the PSF at the time of its first trip to the Soviet Union.

Today, in effect, the French socialists say and write--for example in their "socialist program,"--that socialism does not exist; or even that the Eastern societies are not socialist societies...

Well, what was the PSF delegation led by Francois Mitterrand saying? Let me cite the communique:

[italics] "The representatives of the Socialist Party noted the excellent development of the USSR along the road of socialism, the growth of well-being of the Soviet people, the successes of Soviet workers in different domains of economic, social, cultural, and scientific activity. The delegation of the French Socialist Party noted the great constructive contribution made by the USSR to international detente. At the same time, the two delegations note that the reactionary and imperialist forces pursue their efforts to revive the spirit of the cold war, build up weapons, meddle in the affairs of other peoples and countries. In the interest of peace, social progress, independent and democratic development of peoples, it is necessary to oppose these doings of imperialism and reaction." [end italics]

That was in 1975. Since, the PS has abandoned that.

I will give other examples. In regard to Cambodia, the PS is on the side of Prince Sihanouk.

In Iran, it is on the American side. I am not, however, in agreement with the taking of hostages. I have said so. Our party has clearly said so. But one has to look behind this to see what is essential: the struggle of the Iranian people for their freedom.

In Afghanistan, the PS is on the side of those who want to maintain feudalism.

On the issue of American nuclear missiles which the Social-Democrat Helmut Schmidt wants to see installed in Europe, the PS supports their installation, which is going to renew the arms race.

Yes, there are certainly two foreign policies. There is that which is faithful to the spirit and the letter of the common program, which is ours. And there is the policy of Francois Mitterrand which has turned its back on the Common Program.

[Alain Duhamel] /Francois Mitterrand said the opposite here last week./

[Marchais] He did not speak the truth. For example, Francois Mitterrand declared that it was only through the intervention of the PS that our party was brought to support French participation in the European Community. But we did that in 1967, when Francois Mitterrand was not even yet in the Socialist Party, which he joined in 1971!

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ANALYSIS OF FACTORS INFLUENCING 1980 ECONOMIC PERFORMANCE

Worldwide Economic Factors

Paris LE FIGARO in French 5 Jan 80 p II

[Article by Jacques Delors: "Hope May Come From Europe"]

[Text] The Western world is going from one unpleasant surprise to another. The most amazing thing is that it is surprised at it. In a world progressively destabilized since 1970 by monetary disorder and increases in the price of oil, no large-scale effort has been attempted to redefine some rules of the game acceptable, effective and fair to the world's economy. In a world in which the technological innovations of the 1960's and 1970's are spread around relatively quickly and in which new competitors are appearing, the old industrial nations are playing with bilateral agreements and shameful protectionism at the same time, while large multinational corporations are making an effort, and often are successful, to proceed with a relocation of their activities and a redeployment of their objectives. For years now, the merits of the market mechanisms have been praised to us to make us exercise patience. Adaptation to the market became the master word of politicians in office. Time after time, optimists have pointed out to us the advantages of floating exchange rates, of Euro-dollar transactions, of specialization on advanced techniques.

Today, what is left of all those speeches, while those same optimists, under the repeated blows of rises in the price of energy, are, in turn, falling into sinistrosis?

A newspaper headline reads "Apocalypse Now"! And exhaustion of oil supplies and war are talked about.

Actually, the Western world reminds us of one of those extended families that lived high for years, paying for what it needed at a ridiculous price, believing in its eternal good fortune. To such a degree, that it did not see the approach either of the excessive extravagance of its protector -- in this case an uncle, America -- or the internal conflicts in its own evolution. And, nevertheless, it did not fail to receive warnings ever since the end of the 1960's. It did not listen to them, because it was entirely

busy raising its style of living, completely wrapped up in its domestic quarrels. Today, after trying to believe for a long time that nothing fundamental had changed, it has begun to have deep doubts about itself and to live from day to day. Each clan acts only for itself, but they all fear the worst.

Worst-case Scenarios

The worst might be not another price rise, but, rather, insufficient oil production. Stocks are hardly ample, although speculative purchases have contributed to their buildup. If there should be a shortage of oil, then exceptional steps would have to be taken to enable the machinery of production to run and households to protect themselves against the cold. The rest would have to be reduced to a minimum, starting with our never satisfied thirst for automobile transportation. Likewise, for want of being prepared for it, it would be necessary to ~~improve~~ revise a minimum amount of cooperation between Western countries, so that the spot markets in which unwarranted, scandalous profits are already being made will not explode. In this assumption, what can be said about the catastrophic situation of the Third World countries, among the poorest? Who has a thought for them, today, other than for the Sunday collection or an offering to appease one's conscience?

The worst might also be a generalized flight from the dollar. Up to now, and in spite of the presence of an increasing mass of capital expressed in American currency, a major accident has not occurred. But the wind has been shifting to the wrong direction for some time now. Countries with a surplus are seeking other reserve currencies, although the countries issuing them (like the deutsche mark) are among the ones most reluctant to contemplate that kind of possibility. Commercial banks are alarmed at the indebtedness rates of some countries and at the increase in the risks, political or monetary. In short, capital recycling has not been mastered. By means of a very strict monetary policy, the Federal Reserve Bank has limited damage to the dollar and it has done that in an especially critical period. That was the result of the pressure applied on the Americans by the other large industrial nations. But who could believe that an assured return to more stability is involved in this?

Recession Mirages

The same evaluation is applicable to the consequences of a generalized recession of the Western economies. It is late in coming, because growth has been maintained, for the last 6 months and in an unhealthy manner, by a climate of political uncertainty and inflation. Now, experience teaches us that it has always been like this and that the fall is harder. Having said that, a falloff of activity will accordingly decrease a need for oil and will perhaps avoid physical shortage. But at what cost? And for how long?

In fact, two qualifying statements must be applied to this excessively straight-line analysis.

On the one hand, the economic cycle is often disturbed by the political cycle. Now, 1980 is an election year for the United States and for the Federal Republic of Germany. How will governments now in office decide on the best strategy for remaining in office? By parading a decline in inflation, even with an increase in unemployment, or else by recreating a climate, if not of euphoria, at least of recovery? Will not events abroad relegate these domestic economic policies to the background? The most honest approach is to reply that we cannot make any prediction in this connection.

Moreover, is it not advisable to point out that one country's imports are another's exports? There is something infernal and irrational in this escalation of interest rates, in this disregard for the elementary phenomena of interdependence.

In addition, recession has never been a lasting remedy against inflation. In fact, inflation is due as much to structural causes as to cyclical causes, as much to international factors as to factors peculiar to each country. Therefore, other more general therapeutics must be devised. Their application will take time and social and political innovations. Therefore, it would be a grave mistake to focus on inflation exclusively and traditionally.

Governing implies hierarchization of risks. Of course, the arsenal of means for restraining the rise in prices must be deployed. Every country must contribute its share, taking its own deficiencies into account. It will be assisted in this by the maintenance of activity at a level that will prevent the fixed costs of the economy from increasing the rise in prices. But the essential point is the major risk presented by a possible transition from disorder to a breakup of the world's economy.

Skeptics will reply that still more sizable misfortunes, more specific threats of war, are needed for an awareness of the indispensable solidarity between nations to take hold. Active pessimists, among whom I include myself, will always plead for the will to precede the event, for international cooperation to hold its meetings again, for another Bretton Woods and another Havana Charter. There is no scarcity of solutions, whether it is a question of restablishing a workable monetary system, of associating the nouveaux riches -- the oil-producing countries -- in it, of reestablishing an oil cartel all the more acceptable as the price of that source of energy would be a guarantee against a rise in world prices or depreciation of the payment currency, of finding a moratorium for the poorer countries, of recreating powerful international financing instruments.

The objection will be raised that this takes time, while urgency is here now. Of course! But, because the trouble is more political and psychological than economic and monetary, it is likely, if not certain, that steps taken rapidly might change the picture.

Now, the fact is precisely that a group of countries, the European Economic Community, has the means for taking those steps: increased cooperation in energy matters; issuance of community loans, in ECU's [European Currency Units], in order, at the same time, to get over the hump of the next two years and to stabilize the capital markets; assistance to poorer countries; offer of partnership to the oil-producing countries. But we return to our parable of the extended family: the Anglo-Saxon big sister believes that she is being victimized; the French brother is tense over his agricultural assets, without suspecting that he no longer is their main beneficiary; the German cousin, amazed at his power, clings to an ultraliberal conception of the world's economy and refuses to apply the principles of mixed economy on that scale, although they are in force in Germany. Nevertheless, from time to time, a flash of wisdom makes the family close ranks, yesterday because of currency, tomorrow perhaps to avoid a serious recession (thanks to community loans that would make it possible to prop up Europe's economy) or to take a decisive step in energy cooperation.

Therefore, we begin to hope again. And what if the worst was not sure?

Balance of Payments

Paris LE FIGARO in French 5 Jan 80 p II

[Article by Alain Cotta: "Up to the Rich Countries To Go in Debt"]

[Text] Exactly 5 years ago the world's economy became aware all at once of its unity and of its difficulty in being, at the time of the first oil shock. The challenge was all the more difficult to pick up as all the favorable drives that had come out of World War II were beginning to taper off and the rich world had become accustomed to energy both convenient and cheap. In 1974, more clear-sighted individuals gave a preponderant, at times exclusive, importance for the future to economic phenomena, especially oil extraction. Little by little, with the slowness required by any large-scale transition, their concerns passed over to the political world and then to almost every citizen in developed nations.

At the end of 1978, the challenge had been picked up so well that it was possible to gibe at the pessimistic prophets and effort careerists. It was noted that the balance of payments of the OPEC countries was now only very slightly favorable (around 7 billion), while the balance of payments of the rich countries (Group of Ten, plus Switzerland) had become favorable again, and very much so, because it was close to \$18 billion. These two surpluses compensate almost entirely for the deficit of certain developed countries (11 billion) and especially the sustained unfavorable balance of developing countries (24 billion). Thus, in a logic that is at the very heart of our whole expansion, the richest countries succeeded, starting in 1978, in achieving the impossible of performing the largest extraction of resources ever made in history.

The contents of this logic are revealed to us still more clearly when we examine how the world found its coherence again between 1973 and 1978. In fact, if we lump together the surpluses and the deficits in this period in the five large areas of the world's economy, we obtain the following results:

Combined Totals of the Balance of Payments
(1974-1978, in billions of dollars)

OPEC	+173
Group of Ten + Switzerland	+ 29
Developing countries (less OPEC)	- 96
Other developed countries	-110
Socialist countries	- 24

(Source: BRI [International Information Bureau] reports)

The methods of the balance found again all over the world were very clear at the end of 1978. Certain oil-producing countries, the one structurally showing a surplus, were incorporated in the rich realm by means of the abundance of dollars entrusted to large banks with a world-wide status, most of them American. The rich countries had been able, as a whole, by means of Germany and Japan, to continue to get rich absolutely and relatively. The poor countries, in fact, were also condemned to accentuate their inferiority status. The poorest of the rich countries had joined the poorest of the poorer countries to form a vast armada of debtors. In 5 years, their indebtedness had increased by 200 billion, an amount that exceeded the total indebtedness handed down by all past history.

The restored coherence of the world's economy was a surprisingly rapid and tense success. But was its extent not disturbing and especially is it possible to imagine that it will be repeated?

This success explains the foreseeable behavior of the oil-producing Arab countries. How could we expect them not to raise the price of their oil, once the balances of the rich countries had been restored? Today, it is an accomplished fact and in the same proportion, approximately, as in 1973. Will we succeed in doing again what we did in 5 years? Will the world's economy be able to find itself in the same situation in 1985 as in 1978?

No, without any doubt. The apprenticeship has probably worked for the Arab nations. They will never again believe that the rich countries are as vulnerable as they claimed to be in these last few years. Our possible lamentations will be left without any effect on their desire to maintain the relative importance of energy in the world's production constant. Moreover, by praising the virtues of the market so much to them, they will be tempted to go more and more to the Rotterdam market to pocket speculation profits there.

But the means we have already used are primarily the ones that seem to be quite difficult to bring into play again. It will not be possible to absorb the second oil shock like the first one, for the sole sufficient reason that an additional indebtedness by poor countries as heavy as the preceding one seems to be quite problematical at present. American banks seem to be aware of the limitations of a reasonable intervention in nations constantly becoming poorer by emirs constantly becoming richer. It is difficult, at present, to believe that a restoration of balance to the world's economy can be brought about by the increasing indebtedness of poor countries, without leading either to real banking difficulties, or to a moratorium, or, since these three circumstances are not exclusive, to a real redistribution, international of course but public, of those countries' revenue.

Has not past success been much too spectacular, because so much effort was spent on solving problems destined to come up again? Would it, perhaps, have been necessary to have been less ambitious, less impatient and, possibly, also less effective? Although what has been done cannot be undone or redone, continued expansion of the world's economy can no longer bet, like formerly, on the maneuvering margin provided by the indebtedness of poor countries. Because, indeed, some countries have to go in debt, it is up to rich countries to incur indebtedness. The large banks will find more reliable creditors. The emirs will be reassured by this. And we shall then share the advantages of inflation with the poor countries.

Inflation Rate

Paris LE FIGARO in French 5 Jan 80 pp I, II

[Article by Olivier Wormser, member of the Institute: "How To Fight Inflation"]

[Text] In spite of the reforms introduced in the last 3 years and the progress made, prices still continue to rise.

In order to slow down inflation, first of all an exhaustive list should be drawn up of the factors contributing to the rise. Then, a differentiation should be made between the ones about which we cannot do much, because they are subject to international action, from those factors whose control depends only on us.

A felicitous picture was used in September to demonstrate how heavy the tribute that we are called upon to pay for energy is, namely -- for the June 1979 price increases alone -- the production of the state-owned Renault Company carried off without payment or, else, foreigners seizing our grain and fodder crops.

In 1980, oil will be much more expensive than in 1979. The whole nation will pay this increased tribute.

Nevertheless, the buying power of the French people in general, the buying power of each social class in particular, can and must be maintained, we have been told, and even improved. Therefore, an attempt is made to compensate for the effects of the tribute and the effects of inflation without obtaining any result other than ensuring perpetuity of price rises.

The imbalance of public finances, taken in the broadest sense, shows very well that we are persisting in trying to live above our means. Deficit spending is not only accepted as an inevitable fact. Merits are even attributed to it.

On the contrary, it should be very high among the causes of inflation to be eliminated. Therefore, it is quite regrettable that the retrenchments to be made on public expenditures have been a pretext for political maneuvering. In fact, what is involved there is an important basic issue that should be examined objectively and settled definitively by common accord.

Several arguments are used to justify deficit spending. First of all, it is said that, if public finances were put back in balance, economic activity would decrease. With reference to the gross domestic product, the deficit represents only a negligible percentage. Moreover, German finances are still more out of balance than French finances. It is added that, if the country should experience full employment again, the increase in revenue would make it possible to balance expenditures and our budget is, therefore, a "full employment budget."

Finally, if an appreciable fraction of the deficit were financed with non-inflationary means, its harmfulness would be attenuated and even eliminated, in case the monetary mass did not progress too quickly. In fact, there would be no difference at all between a franc created for the benefit of the Treasury and a franc created by a bank for the benefit of the economy.

These arguments, and especially the first one, are worth little, because, under present conditions, the imbalance of public finances is harming the success of the struggle against inflation, without for all that contributing certainly and lastingly to the development of economic activity.

In fact, although the idea of combating crisis and unemployment with deficit spending is an old one, it was set forth to solve a problem entirely different from the one raised today. In 1930-1934, when the price of raw materials and, then, of everything plunged downwards, when the sharp, prolonged drop of prices made the situation of debtors intolerable, when it was possible to fear that economic activity was going to decrease still more, it was logical to try to combat the falloff of demand by unbalancing public finances, to issue money to try to raise the level of prices, thus to make enterprises profitable again and to put an end to the advantages that the decline gave hoarders and partisans of a wait-and-see policy.

Questionable Therapeutics

Under these conditions, J. M. Keynes became the apostle of a systematic deficit with anticyclical objectives. He thought, moreover, but did not say so too much, that deficit spending would make it possible, by the rise in prices that it would finally bring about, to bring down real wages in those countries in which labor union action was an obstacle. Moreover, this price rise would not take place before closed factories were used again and the unemployed labor force was rehired.

This therapeutics was, therefore, designed for a time when prices were collapsing.

It is paradoxical to resort to it at present in a world that is in the middle of inflation. Even though the resources available to enterprises and individuals would be cut down owing to the rise in the cost of energy, spreading about a supplementary buying power really amounts to seeking to avoid the consequences of the tribute. Necessary adjustments are delayed by it. Even assuming that the excess of expenditures over receipts results, at first, in increasing economic activity in specific sectors of industry and trade -- especially wherever there was no bottleneck -- the rise in prices supported by this deficit very quickly reduces the actual buying power of all other preexisting and equally important income.

Unless the operation is repeated to obtain the same results, the nation eventually finds itself again at the same point, but with a higher price level, rising more sharply, while economic activity tends to fall back to the previous low level, all things being equal moreover. There even comes a time when this policy contributes to a destabilization of the habits of savers. In addition, the public debt increases with each deficiency. The problem that has to be solved the following year is made still more difficult.

The argument according to which Germany would do exactly the same and even more is weak. The rise of prices in the FRG is much less steep than in France. The deficit is better financed. Credit is not squeezed. After all, nothing proves that an imbalance gave rise to the recovery observed in the last 2 years on the other side of the Rhine.

With regard to saying that it is a question of a "full employment budget," a budget that would be in balance, if there had not been a recession involving a decline of revenue, amounts to resorting to an argument used in the United States to justify the laxist policy followed for some years now and whose results have been unfortunate for the dollar and prices.

It is true that only part of the excess of expenditures over receipts is financed by the Bank of France and that dangers of inflation are, therefore, fewer. Now, it would be necessary to eliminate all the causes of inflation, large and small. At any rate, the amounts that the state draws off the capital market serve primarily to finance immediate consumptions.

The really productive sectors of the economy are deprived of an equal amount. But especially, in the framework of a policy aiming at restraining growth of the monetary mass, any monetary creation for the benefit of the Treasury results in a need for limiting more severely an increase of credit to the economy and, therefore, for making the credit squeeze tighter. If a deficit is financed in part, even a small part, by resorting to the creation of money, this is a decision in favor of the less productive expenditures, if credit is squeezed. Much more, the growth limits of the monetary mass have not been respected, in spite of legal devices like the yearend inflation of the Treasury's debit balance account in the Bank of France.

Since 1979, France has experienced more than one inflation crisis. It succeeded in overcoming them, one way or another. As each one occurred, it was maintained at first that it was impossible, for all kinds of good reasons, to reduce the state's style of living, to put the budgets of the national enterprises and of social services in order again, to readjust the rates of public services in time and to the extent required. Nevertheless, each time, the large economic balances were finally restored. How was this done? By means of vigorous action undertaken by authorities determined to do something drastic, knowing that it was inevitable to do this and politically able to do this, because they had pointed out clearly to the country the harsh realities confronting it, in short, because they had called for an effort. Barre made appeals like that. Is the magnitude of the task remaining to be accomplished being measured?

It may be said that what good is it to raise ticklish issues by attempting to retrench, when there are many other more dangerous causes of inflation? Although we realize that it is easy to criticize and that the art is not easy, let us hope that, in 1980, the imbalance of public finances will be reduced and eliminated, if possible.

Petroleum Pricing, Inflation, Unemployment

Paris LE FIGARO in French 5 Jan 80 p II

[Article by Jean Denizet: "Beyond the Crisis"]

[Text] The New Year's note is a dangerous art form. The reader would feel that pessimism is a lack of taste. But the optimism that is conventional tone runs the risk, at present, of seeming at best to be a charitable attempt at spreading about a little illusion salve, at worst to be the same old insincere, uninteresting story. Let us attempt, however, to observe tradition without betraying honesty. In order to do that, it is necessary to look beyond the crisis, at the signs announcing the revival being prepared for by the crisis.

Consequently, let us look beyond a slowdown that is inevitable but very probably easier to overcome than the one in 1974-1975 at the already visible signs of the period that will come out of the present difficulties. They can be seen in the evolution of public opinion on the essential points.

On oil? Who still believes that a return to the prices and growth of 1960-1970 is possible and desirable? Who does not know deep down that we have to build an economy at the same time more sparing in the use of energy and based on other forms of energy? And who finds in that a real reason for being alarmed? It is a task in keeping both with man's adaptation difficulties and his present technological capability.

On inflation? Who does not know that the disorder of changes on the one hand and indexing of the prices of all kinds of remuneration on the other hand are as responsible for it as oil? Or, rather, that the rise in the price of oil derives its gravity only from the existence of the other two mechanisms that multiply its effect.

Is it impossible to put an end to the international monetary disorder? The president of the Republic is justified in not believing this. Organization of stability, at least in actual fact, between the three great currencies covering the nonsocialist world -- the dollar, the European Monetary System and the yen -- is neither technically nor politically an impossible task.

Just as we could also put an end to a mechanism of indexing, designed to protect everyone, that ends by plunging everyone into an inflation, which, at best, is prolonged indefinitely at its present rate. This algebraic evidence does not belong to any ideology. It cannot be disregarded for a very long time.

Finally, unemployment, our most difficult problem, not only socially but also technically. Of course, here, too, there are some convergences. First of all, in a recognition of its severity. Then, in the fact that it is a problem for which no one is essentially responsible.

The cause is the birth rate from 1947 to 1973, causing a sharp increase in the active population between 1965 and 1990, with a maximum in 1975-1985, that is to say at the precise time when fate wants population growth to be much less, in any case, than it was between 1950 and 1973. It is true that no remedy has been imposed yet on the majority of public opinion. But this state of honest, hesitant research is already beneficial. It does not consist of uncompromising camps around extreme solutions. The real solution will, perhaps, mature in 1980. It is likely that it will result from the addition, in still indefinable proportions, of several remedies:

A little faster growth rate tied to a redeployment of our economies around new energy structures.

Rapid development, as in the United States for example, of part-time work, very suitable for women's employment demand.

Reduction of the overall cost of labor, which probably depends on a reform of social security financing.

The crisis that began 6 years ago will not end in 1980 and the new year perhaps still holds some great hardships in store for us. But, although the crisis was incomprehensible and, therefore, frightening at the start, progress was made in fathoming it out better and better. Thus, we are in a position to control it. It can perhaps still affect us, but it can no longer shatter us.

Inflation, Industrial Expansion

Paris LE FIGARO in French 5 Jan 80 p II

[Article by Jacques Plassard: "Discipline in Place of Expansion"]

[Text] It is very likely that economic conditions in 1980 will be entirely different from last year, almost the opposite. Last year, 1979, was the year of the second oil incident, the year of the flareup of inflationary expansion, with its aspects tending toward euphoria. This year, 1980, should witness a return to some degree of discipline. In order to prevent acceleration of inflation, it is necessary to give up expansion, at least in part and temporarily.

This reversal is not peculiar to France. It concerns every industrialized country. It is conditioned by two courses inspired by a common desire to ward off, or at least to defer, monetary bankruptcy. The government authorities of countries rich in industries agree, at least temporarily, to a certain amount of monetary austerity. The government authorities of countries rich in oil agree not to increase prices for a few months.

The question raised for each nation for 1980 is to know how to achieve the greatest restraint of inflation while agreeing to the least decrease of expansion. Or how to reduce, with the slightest possible sacrifice, the deficit in the balance of payments eroded by the rise in the price of oil.

Slowdown of expansion began in France as early as October with a slowdown of progress in exports. Then, in December, a shift in household consumption came about. It is likely that a buildup of inventories early in 1980 will precede a shift in production and employment around March or April.

Nothing enables us to know whether French expansion will only be slowed down, or interrupted, or even replaced by a real recession. But the most likely scenario is for the 1979 4-percent growth rate to around 1 percent in 1980. In terms of the annual average, that may leave an increase of 2.5 percent.

The most unfortunate thing, obviously, is that unemployment, whose progression had been interrupted since last May, risks developing again, starting in the spring, without the disappearance, for all that, of those personnel shortages that are limiting the expansion of a number of enterprises.

The Stabilization Battle

As an offset to these disadvantages, the advantages included in this state of affairs must be turned to good account, in order to be capable of escaping from these restraints before the end of 1980.

The balance of payments has been unfavorable since September and its deficit will increase until March. This deficit is due, of course, to a rise in the price of oil, but an abnormal upsurge in the volume of imports has contributed to it. It should be interrupted. Exports will certainly progress more slowly, at least because their price rise will be slower. But the resumption of French sales to OPEC countries since September is a favorable and, moreover, natural phenomenon. Reduction of the deficit beyond March is very probable, but it is little likely that it will be eliminated before the end of 1980.

The franc will not suffer any more in 1980 than last year. The present difficulty consists more of an excessive appreciation of European currencies with regard to the dollar and the yen. The French deficit with regard to the United States and Japan is increasing disturbingly. But it is very likely that the dollar will go back up toward 4.15-4.20 francs. This is a distressing parity for French production, but it is a tolerable parity.

In 1980, the battle for price stabilization is essential. In 1979, while, in spite of the improvement in the exchange rate, the rise of import prices was on the order of 20 percent a year, it was impossible to avoid an acceleration of the rise in prices. It is, indeed, good that this acceleration was so moderate. In 1980, especially after March, a quasi-stability of import -- and export -- prices is the most likely assumption. Therefore, the slowdown in the price rise in France will be easier.

That is the 1980 stake. The evolution of world prices provides an opportunity to restrain French inflation considerably. We let that kind of opportunity slip by in 1978. It is coming back. Will we know how to exploit it, that is to say to succeed in having the slowdown in import prices make possible a slowdown in all prices and, beyond that, in wages?

In order for that to happen, monetary discipline has to remain strict, budgetary discipline must be maintained, the so-called social expenditures must, finally, be controlled less poorly. In short, the Barre Doctrine must be implemented completely. In 1979, it was impossible to do more than limit the acceleration of inflation, a result that could not be spectacular, although it is technically remarkable. In 1980, it is easy to achieve a slowdown. It must be made spectacular.

A certain amount of recession is unavoidable. The faster price and income discipline is improved, the shorter it will be. This year, 1980, should be the year of discipline and victory over inflation. Therefore, it will be a hard year. That is the requisite so that 1981 may be the happy year wished for by any chief of state on the eve of his reelection.

Growth Rate, Energy Policy

Paris LE FIGARO in French 5 Jan 80 p 5

[Article by Paul Quiles, national secretary of the Socialist Party, deputy from Paris: "What Growth for the 1980's"]

[Text] Growth, the keyword in any economically slanted political speech! A few years ago, according to the official economists, it should be "strong," or else "in the Japanese fashion," to make a better distribution of wealth possible. Today, we are assured that the changes that have taken place in international economic relations are condemning us to a "moderate growth," "gradual" or even "zero growth."

But Giscard d'Estaing, the great apostle of this "moderate" or "gradual" growth, is careful not to say that it will be gradual only for those who will benefit from it and that nothing basic will change in our society's manner of development. Now, the following is the basic issue raised through the debate on growth: Is it possible, at present, to specify another development model for France?

The socialists think so. The proposals that they make in this connection in their "plan" and that I should like to present in detail here, firmly mark their rejection of a "moderate" growth, the simple expression of a crisis without end.

First of all, let us be clear. In the opinion of the socialists, the objectives and the content of growth are as important as the rate. In fact, it must be borne in mind that this GNP whose growth is measure so carefully is a prism very distorting of the current economic and social situation. In fact, what significance is attached to an economic indicator that mixes confusedly expenditures for socially useful consumer goods, squandering, expenditures for armament, that does not take into account nonmarketable goods, the degree of pollution, that does not account for social inequalities and the quality of life?

That often borders on the absurd. For example, the increase in city traffic jams is a favorable growth factor, owing to the increase in fuel sales resulting from them and expenditures for diseases linked to air pollution.

That is why we have a priority interest in the content of growth, which is a reflection of the economic and social objectives that we have set for ourselves. In our opinion, growth must be the following, at the same time:

More egalitarian, owing to another distribution of income, to a better regional balance and to an ambitious development of collective equipment.

More autonomous, by means of less dependence on energy and of putting an end to the mad race between imports and exports.

More creative, owing to the increased role of research and to improved working and living conditions enabling persons to blossom out more.

Role of Exports

It is indispensable to rally the French people around these objectives that form the framework of a new manner of development, if it is desired to get our country out of the crisis. But, in order to do that, it is also necessary to make a radical change in the present economic logic in which an exclusive pursuit of profit supremely determines investment and production. Contrary to what Barre thinks, the existence of profit is not the first requirement for investment. To be convinced of this, it suffices to observe the decline of industrial investment and the increase of financial speculation accompanying the recent inflation of profits. French enterprises drop their arms while investment alone can make it possible to meet the challenge made to us by the tremendous technological changes in progress. Therefore, it becomes urgent to implement a policy able to restore to French industry its capability for innovating, exporting and creating jobs.

The objection according to which "restraints from the outside," or the "oil shock," expressions of the world-wide view dear to Giscard d'Estaing, would obstruct that kind of ambition is not valid. This fatalism is actually only submission to an international economic order dominated by the United States and the large multinational companies from which it is indispensable to break away. The socialists propose for this purpose that the share of foreign trade in the GNP -- which sprang up from 10 percent to 22 percent between 1960 and 1978 -- be reduced in 10 years below 20 percent, so that our relations with our leading trading partners, especially Germany, may be put in balance again and that the share in the domestic market by French enterprises be increased. And especially we want to hear nothing about autarky! Otherwise, what is to be said about the United States and Japan, which import, respectively, 8 percent and 13 percent of their GNP? This indispensable objective of reducing our foreign dependency should be accompanied by a calling into question of unequal trading with developing countries by means of measures like state-to-state agreements, technical and cultural cooperation, credit policy.

With regard to the "oil shock," it gets the blame! Government spokesmen should remember that they already made it the main cause of our troubles in recent years, while the price of imported oil tended rather to go down in constant francs. The recent rises in Caracas will have an effect on our economy that must not be exaggerated and that might have been smaller, if more consistent efforts had been made to free us from the "all oil" policy. What has Giscard d'Estaing done in the last 5 years to change the structure of our foreign trade and to reduce our imports of nonenergy goods? What has he done to make a lasting energy saving? It would be necessary to put an end to those declarations of intention to which the government has accustomed us. Moreover, it is not by chance that all the objectives of energy saving and of development of new forms of energy

decided on a few years ago have been revised downwards. Expenditures committed for this purpose are still very small in comparison with the enormous outlay for nuclear energy, while the savings anticipated from these two "lines" (nuclear energy and energy saving) are, in the medium term, of the same order of magnitude (40 to 50 million metric tons of oil equivalent).

Building the Future

The government's decision to stake everything on nuclear energy is certainly not the most reasonable solution. Without going into detail, let us note that by taking fewer risks and by committing smaller investments, it was possible (it still is possible) to carry out another energy policy based on a greater diversification of our sources of energy and on real energy savings. Thus, strong energy-saving measures, especially in housing and industry, would already have enabled us to reduce our oil bill. The means exist. They are called, for example, sizable tax deductions for individuals conserving energy or using new forms of energy, aid to local collectivities and to HLM [Low-cost Housing Program] agencies, taxation of industrial thermal wastes, increase of the budget of the Agency for Energy Saving, encouragement of recovery of lost heat and of the construction of urban heating networks. But most of these measures run up against liberal ideology that cannot agree to that kind of "interventionism." Prices are freed, planning is abandoned reduced henceforth to a simple market study, the driving role of the public sector is neglected, the industrial structure is allowed to atrophy, all in the name of this ideology. The socialists will give themselves the means for achieving the seven objectives that they are setting for themselves, precisely by taking a course opposite to this attitude of abandonment: return to full employment, reduction of inequalities, respect for the environment, a society more sparing of energy and raw materials, a production and a consumption better adjusted to real needs, change of working conditions, an economy neither dominant nor dominated.

Each of these topics would require long development, unfortunately impossible within the framework of these few lines. Nevertheless, it seems definitely that the growth resulting from this policy will be neither the wild growth of the 1960's nor the "moderate" growth of Giscard d'Estaing, but, rather, a growth that is both strong and different that might be described, since it has to be described, as "social." Ambitious but realistic objectives, means for achieving them, a political will clearly presented, these are the idees-forces of the socialist plan. Rejecting Giscard-type resignation and laissez-faire, they summarize our ambition: to get France out of the crisis and to build the future.

10,042
CSO: 3100

BRIEFS

SURVEY OF PCF MILITANTS--"The Political Socialisation of Communist Militants" by Jacques Derville and Maurice Croisat. A political party has a socialisation function in regard to its members. For the French Communist Party this function has decisive importance, since it has to ensure the teaching of Marxism-Leninism, keep watch over the party line, and at the same time maintain ideological unity in the Communist community in order to avoid a break between Communist intellectuals and the grassroots or even the development of fractions and tendencies within the party. This survey of party militants in three cells in the Grenoble area provides some elements for thought, in particular on the importance of communist socialisation factors before joining the party (family, work environment, trade union), on the role of cell meetings and the way in which militants have made their own the political line of the 22nd Congress. [Abstract] [Paris REVUE FRANCOIS DE SCIENCE POLITIQUE in English 4-5 Aug 79 p 972]

ANALYSIS OF PCF PARIS MEMBERSHIP--"Parisian Communist in 1977" by Francoise Subilean. A survey made by the Paris federation of the French Communist Party based on the party militants present at the local conferences in June 1977 permits a comparison on the one hand with the population of Paris at large as defined by the census of 1975 and on the other hand with the same militant population studied in 1974. The findings are first, that the most active portion of Paris militants are characterised by a high cultural level associated with an equally high position in the socio-professional hierarchy. Secondly, the political situation seems to take form in two ways: 1. Evolution of the recruitment of party militants, for the most recent members are workers for the most part, which parallels the hardening of the party towards the PS. 2. A strengthening of the party apparatus, the weight of the leaders being used much more clearly in the local conferences in 1977 than those of 1974. [Abstract] [Paris REVUE FRANCAIS DE SCIENCE POLITIQUE in English 4-5 Aug 79 p 972]

CSO: 3100

MERCHANT MARINE OVERCOMES WORLD CRISIS

Athens Ο ΟΙΚΟΝΟΜΙΚΟΣ ΤΑΧΥΔΡΟΜΟΣ in Greek 10 Jan 80 pp 11, 35

[Article by Stathis Khaikalis: "Towards the End of the Lean Times for Our Merchant Marine"]

[Text] It seems that it is at last certain that the Greek merchant marine has managed to largely overcome the adverse economic conditions which were created recently by the crisis in the world shipping trade. And it is a particularly hopeful finding that our shipping has now gained a standing relatively much more advantageous than that held by the merchant fleets of many other countries with a rich seafaring tradition.

Evidence for this state of affairs is the feeling of relief which the bankers and their Greek shipping-business customers have, following 4 whole years of uncertainty. The considerable and steady improvement in freightages of oil tankers and cargo boats during 1979 has been a significant factor conducive to optimism and the creation of a climate of confidence.

Of course, in the present conditions of a worldwide energy crisis (both naturally and artificially caused), of recession, and also of a serious inflation rate, it would be unreasonable to expect that orders for "brand-new tonnage" from the Greek shipowners will be comparable to the corresponding orders of the idyllic period prior to October 1973. Only a few multipurpose cargo "bulk carriers" were ordered at the end of 1978, as well as a couple of 80,000-ton tankers. A comparison with October 1973, when there were orders for 300 ships having a total capacity of 30,000,000 tons deadweight, shows accurately the enormous difference between now and that time, and it prepares us psychologically for what we can roughly expect from the present recovery of our merchant marine.

But at the same time, we should take note of the rekindling of interest on the part of Greek shipowners in purchases of second-hand ships, who are thus regaining first place on a world scale in this activity, while also renovating our merchant fleet with these new "second-hand"

units, which in comparison to what was the case in the past are not only much more recently built but also have a larger tonnage.

However, the upward progress of Greek shipping is being inhibited by a number of problems--some of which, because of their nature, are tending to turn into chronic problems, with especially adverse consequences. At the "Merchant Marine Get-together" which was put on by the Union of Greek Shipowners (EEE) on 8 December 1979 at the Hilton, a number of these problems were analyzed by A. I. Khandris and E. Gourdomikhalis, president and treasurer of the EEE respectively, while Minister of Merchant Marine Kefalogiannis and Minister of Coordination Mitsotakis explained the State's policy in this sector.

The Greek Fleet

In July 1979, ships of Greek ownership numbered 4,795, with a total tonnage of 52,067,279 tons, and they furnished \$1.5 billion to the balance of payments. Of these, some 3,847 ships with a capacity of 37,112,049 tons have been flying the Greek flag. It is a characteristic fact that between 1975 and 1979, the tonnage of ships flying the Greek flag increased by 47 percent.

The shipowners believe that shipping is stimulated by their unhampered cooperation with both the government and the Panhellenic Seamen's Federation (PNO), while at the same time they have complete trust in the Greek officers, whom they consider to be among the best trained in the world.

A. Khandris, president of the EEE, made two proposals at this "get-together" which are not only extremely interesting but also immediately realizable.

The first concerns the payment of insurance premiums, which amount to \$260 million (calculated to be 2 percent of the total value of the fleet, which comes to \$13 billion). If the insurance premiums are paid at the offices of the foreign insurance agencies which are located here, then notwithstanding that the bulk of these sums will be transferred abroad, as they come in and flow out there will continue to be a large fund of insurance-premium money which is disposable in Greece and with which the Bank of Greece will be able at any moment to get credit. With the same policy applied to payments by the "clubs," which amount to \$50 million, the benefit becomes even more significant. For all the above measures, regulation in the Currency Committee is required in order that the brokers' firms do not get entangled in bureaucratic procedures, which might have an inhibiting effect on the aimed-at goal.

The second proposal of the EEE president concerned financing in drachmas by the ETVA [Hellenic Industrial Development Bank] or another State organization, on the basis solely of personal guarantees and at the current eurodollar interest rate, for making repairs and conducting

annual inspections of ships at Greek shipyards. Considering that on the average, 1,500 ships will go through a special survey each year, and figuring in the annual inspections, the revenues from this can reach \$200 million, with prospects of exceeding \$500 million in a short time. However, there is one difficulty which must be surmounted: The shortage of adequate docks and repairing wharfs--a shortage which can be decreased if the government helps the OLP [Piraeus Port Authority] to insist on these facilities.

Merchant Marine and the EEC

The shipowners regard as a positive factor the non-existence at this time of a specific policy by the EEC on the shipping trade, inasmuch as such a policy will thus be formed following the entry of Greece into the EEC, at which time the Greek merchant marine will be in a position to support its own interests. The fixing of the rules for competition in the shipping trade, in consequence of the agreement on the Code of Regular Routes, raises a certain problem for Greek interests, because these rules refer not only to the regular routes but to all sectors of shipping (even to the outfitting of bulk carriers).

The shipowners believe that before Greece's entry into the EEC, the Greek government ought to sign those bilateral agreements which have as their import the replacement of the 50,000 foreign seamen who are working today on Greek ships by unionized foreign crews.

At the present time, the oil companies do not have under their control the majority of the oil tankers of independent tonnage, and consequently the tankers can face a better freightage market by taking advantage of the intergovernmental agreements.

The economic situation, stressed A. Khandris, dictates that orders for ships be avoided right now. However, at the same time the freeing of our merchant marine from tonnage which is too old is an imperative need, since the average age of our ships is very lamentable and is at a very low point on the world list--something which is creating problems with the EEC, along with the high frequency of accidents (as O OIKONOMIKOS TAKHYDROMOS wrote about recently).

Lack of Dialog

One of the foremost problems for the Greek merchant marine, stated E. Gourdomikhalis, is the lack of an intelligible, good-intentioned, and persuasive dialog between the elements of the merchant marine, the agencies of the State, and the public. Thus, the merchant marine often finds it difficult to understand particular notions, while at the same time it is not understood by those with whom it is talking. This situation can be considered to be in part the result of the excessive

expansion of the merchant marine beyond the national boundaries. So that magnitudes related to business on a world scale cannot be assimilated within the Greek framework. For this reason, the confusion and the lack of understanding concerning the merchant marine's productive, financial, and national role should not be surprising.

The second problem, and a more important one, is the shortage of manpower, which is due chiefly to the inherent contradiction of our having a very large merchant fleet compared to the size of our homeland's population. Thus, our fleet has 90,000 Greek seamen, while it needs at least 150,000 persons, and for both psychological and social reasons the influx of seamen is expected to decline even more. There are three solutions which are put forward in various countries to deal with this problem:

1. Subsidizing the merchant marine (United States).
2. Reducing the maritime force (a number of European countries).
3. The system of mixed crews (Great Britain).

According to E. Gourdomikhalis, the most advantageous solution both for the merchant marine and for our national economy is the third one. The hiring of occupationally organized foreign seamen to meet our needs in the lower specialties means an increased productivity, although (still according to Mr Gourdomikhalis) there is no intention on the part of the shipowners to replace the Greek seaman, whose efficiency is unparalleled compared to that of foreign seamen.

The third problem concerns the institutional infrastructure of the merchant marine, which although existing on a limited scale ought nevertheless to be developed energetically and accommodated not only to the Greek but also to the international situation. In this way, potentialities for a further broadening of constitutional improvements will be developed and trails will be blazed for a more vigorous investment activity on the part of the Greek shipowner, who is an attractive pole for the international money market. At the same time, the position of the merchant marine as an infrastructure for other activities, whether related to shipping or not--such as the contemporary shipbuilding and refitting industry, the freight market of Piraeus, and the marine insurance companies--is exerting pressure for the creation of the called-for institutional infrastructure. The State's support, in terms of legislation and administration, must be decisive, because only in this way do the preconditions emerge for an immediate and substantial rewarding of such efforts.

The Most Robust Greek Industry

The dynamism of our merchant marine is so considerable that at this moment our Greek tonnage constitutes more than half of that which the

EEC has, while at the same time our merchant marine has deservedly gained the status of the most robust industry in the nation, from which some 900,000 people make their living (10 percent of the country's population). In analyzing the State's policy lines on the merchant marine, Mr Kefalogiannis asserted that the State has fully comprehended its potentialities in the economy of the country. The fruit of the State's concern is Law 959/79, which admits of the institution of the shipping company, releasing it from slow-moving mechanisms and giving it the flexibility which it needs to respond to today's requirements. Its chief merit, according to the government, is that it gives Greek ships the opportunity to replace foreign companies by Greek companies, and at the same time it will facilitate the functioning of our merchant marine within the framework of the EEC. Mr Kefalogiannis regards as a success the implementation of Law 814/78, by which the measures for facilitating the establishment in Greece of shipping agencies have been supplemented, inasmuch as 300 shipping businesses have come under the jurisdiction of this law's regime as of now.

The Shipyards

At the same time, the Ministry of Merchant Marine (YEN) has promoted the development of the shipbuilding and refitting industry, by creating a corresponding advisory council and recommending to the economic committee that there be financing, with working capital in free foreign exchange, of shipbuilding and refitting units and that a shipbuilding and refitting base be created in Salamis. The YEN is especially gratified at the making up of the deficit of the OLP, for which it is expediting a law draft which reorganizes and modernizes its operation, the ministry's ulterior objective being to transform this organization into the most important Greek refitting center.

Here, a parenthetical remark should be made, to the effect that the data which exist on the shipbuilding and refitting sector confirm to some degree the optimistic forecasts of the YEN. Notwithstanding that this branch is in a critical period, it seems that all of the businesses in this sector have assimilated the very valuable knowledge which they have acquired and that they will manage to survive. Now that Greece is becoming a member of the EEC, the indications are growing that the shipbuilding and refitting industry can develop into a source for the generation of foreign exchange for the country. Thus, at this time there are sharply increased chances that the traditional refitting industries in the area of Skaramanga-Perama can form the center of the European shipbuilding and refitting industry in the decade of the 1980's.

It is worth noting that most of the 16 dry docks which the country has are in constant use, while Neorion--which reopened last March after a 12-month closure--has been obliged to make use of its second dock.

Despite the dominant role of the large shipyards, it has been recognized that the small shipyards of Piraeus, Agios Giorgios of Perama, Elefsis, and Salamis are also extremely important to the Greek refitting industry. For this reason, the owners are making efforts to improve their businesses, mainly by amalgamating the small units into larger and better organized units which can obtain better terms of financing.

The minister of merchant marine launched an appeal to the Greek shipowners and to financial figures who are involved in shipping to increase the foreign exchange brought in from shipping activities, promising them the full support of the State.

The State has striven to improve the qualifications of seamen through the 21 schools which now exist by classifying the naval schools as at the advanced-education level and by founding technical lyceums for merchant-marine officer cadets. At the same time, the YEN has made plans for a number of other measures aimed at a more complete theoretical and practical education for seamen.

The Shortage of Crews

The problem of the shortage of crews is not a new one, but with the passing of time it is becoming more acute because of the continuing increase in the number of ships. Mr Kefalogiannis believes that our merchant marine has made good use of the technology of automation for dealing with this problem. Meanwhile, the State is trying to raise the effectiveness of the merchant-marine schools and to improve the social and monetary benefits to seamen, and the YEN has recommended reducing the term of military service for seamen.

As for the foreign crews, the government admits that there is a need for them, but it does not want them to become detrimental to their Greek colleagues. To the proposal of the EEE on concluding bilateral agreements with countries which have crews available, the YEN responds that it has no intention of making such agreements, but it would not have any objection if these were concluded by the shipowners, and as long as their content is in accord with prevailing Greek legislation. Any modifying of this legislation is something which the ministry is disposed to look into only if it is a joint desire of shipowners and the Greek seamen.

The government believes that it has done much for the social welfare of the seamen, such as increasing their pensions, the lump-sum payment, and the medical and pharmaceutical care provided, as well as its efforts in converting the NIEN [Maritime Workers Nursing Home] into a general hospital of 210 beds. On this point, the seamen have an entirely different opinion, to the effect that despite their extremely high contributions to their insurance funds, they have unacceptably low pensions and inadequate medical and pharmaceutical care.

The State, stressed Mr Kefalogiannis, has given special attention to many international problems which our merchant marine has been facing, such as the protectionism which many countries have developed in order to promote their own merchant fleets, the attempt made by certain countries of UNCTAD [United Nations Conference on Trade and Development] (a United Nations council on science and technology) for the adoption internationally of the principle of apportioning the shipments on "bulk" transports, and the promoting of solutions by the secretariat of UNCTAD for safeguarding the practice of flags of convenience.

The government has promoted cooperation with other maritime countries and has taken care that the participation of Greece in the OECD is an active one. At the same time, according to the responsible minister, the government has also seen to it that Greece's entry into the EEC will not have negative consequences on its merchant marine, and it has managed to keep the merchant marine from being hurt by the implementation of the principle of unrestricted establishment, while in the agreement of accession no commitment has been embraced on this. The keystone for the survival of the Greek merchant marine is the preservation of freedom in sea transport and free competition--something which the EEC professes to as well. Many of the regulations which will be issued by the European Community in the coming year will refer to the safety of the shipping trade, in which the YEN is showing a great interest by way of increasing inspections of ships and ratifying relevant international agreements.

It is worth mentioning that in 1979--according to Kefalogiannis--the sound operating of the ports was promoted, the possibilities of a link-up with the countries of the Middle East were developed, and Law 989/79 on the reorganization of the Merchant Marine Chamber of Greece was passed.

Potential of Merchant Marine

In summarizing the conclusions reached at the get-together, Mitsotakis emphasized that our merchant marine has the capacity to defray in 1980 the entire expenditure of \$2.5 billion which our country will make to import energy. He asserted also that our maritime policy ought to be non-partisan and bold, and moreover that Greece ought to play a decisive role in the shaping of the EEC's maritime policy.

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CSO: 4908

ECONOMIST PROPOSES MEASURES TO COMBAT INFLATION

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 3 Jan 80 p 10

Article by economist Giannis Piperoglou: "How We Arrived at Inflation and How We Will Reduce It"

Text In the last five years, the Greek economy has increased its real income at a rate higher than that of the EEC; as a result, it has caught up with and surpassed the Irish per capita income, thus aiding our admission into the EEC. At the same time, Greece has improved its defensive capability, bringing it up to levels which have not been comparatively achieved since 1912. Simultaneously, stability in the balance of payments has been maintained so that Greece has high credit internationally. In addition, these achievements have occurred in an atmosphere of relative social calm; there have been "transfers" of income to various socioeconomic groups (civil servants, farmers, etc.) with a significant improvement in their positions in the distribution of the gross national product.

But in life all beautiful things have some price. The price paid by Greece for all these things is an inflation rate which for several years now has been double the median rate in the EEC; lately it threatens to escape every control. For a year, at least, the government and public opinion have acknowledged that all other economic priorities must be subordinated to the need for fighting inflation. Yet, not only has there been no improvement, things have actually worsened. This writer believes that this is due to the fact that: there has not been (officially, at least) a correct diagnosis of the causes of inflation; remedies have been applied which have failed but not been withdrawn; and remedies which have been proven to be successful internationally have been avoided because they are not "accommodating."

These three wrinkles of the problem are the subject of the following comments.

In the last two years many have tried to persuade us that inflation is due to what are various romantic visions of the Greek imagination. The first argument is that inflation is "imported." This does not stand up because inflation abroad is half that of Greece.

The second argument was that it is due to oil. But then why do countries which have a greater dependency on oil still have a lower degree of inflation than Greece?

The third argument was that it is an inflation of profits, while the balances of all the industrial companies, as a whole, show a decrease in profits and capital returns in the last few years.

Then "parasitic" profits were revealed as a cause of inflation. I ransacked international bibliographies for any article or book which would explain the relation between "parasitic" profits and inflation; I did not find it. (Perhaps someone can help me?)

Then we tried to explain inflation as a result of tax evasion. Even if tax evasion is an unacceptable social phenomenon, I do not understand why the income of a plumber or electrician, conceived as taxable material and translated into salary (and expenses) of a civil servant or subsidized farmer, is converted, as if by magic, from an inflationary to an anti-inflationary phenomenon,

Finally, the situation has been attributed to the "inflationary psychology," not as a result, but as a primary cause of the situation. We say there is no inflation really, only inflation in our imagination which dictates actions which cause inflation. This last argument is not worthy of comment. We have wasted the last two years with such attempts to explain inflation, which could have been refuted in 48 hours by an expert from OECD or the International Monetary Fund.

What Are the Real Causes of Inflation?

Let us answer, first of all, the following questions with a yes or no:

- a. In the last five years, was the rate of the rise in the total public expenditure significantly greater than the rise in the gross national product in current prices, yes or no?

- b. Has the deficit in the public sector as a percentage of the gross national product multiplied in recent years, yes or no?
- c. Has the relation between current expenditures and investments in the total of the public expenditure changed at the expense of investments, yes or no?
- d. Is the rate of increase in services furnished by the public sector (hospital beds, day care, number of students, school positions, mail service, bus fares--choose whatever indicator you wish) lower than the rate of increase in the number of civil servants or rate of increase in public expenditures, yes or no?
- e. Has the deficit in the public sector been financed in the last five years principally by government "bonds," that is, by currency which is not covered by savings and compulsory bank deposits in the Bank of Greece or, in other words, deducting savings from the financing of goods supply and giving them to public "consumption?" Yes or no?

If the answer to these questions is "yes" (and let no one deny that it is) then the public sector is clearly the principal source of inflation in Greece; as quickly as we are all certain of this, we should be able to do something just as quickly to correct the situation.

The remedies which have been used heretofore to fight inflation are the following: control of prices in the private sector; control of wages and salaries in the private sector; and control of financing in the private sector.

If one starts out from the basis that in all this time the cost of services furnished by the public has been rising, in real prices, by leaps and bounds, and that the public sector--including, in the broad sense, public enterprises--controls approximately half of the total national expenditure, it is clear why measures used heretofore, instead of controlling, have actually aided inflation.

But before we proceed to interpreting the phenomenon, we must explain that inflation is an increase in demands for goods and services which is swifter than an increase in their supply. Prices and the price index merely "measure" this gap. Therefore, by freezing prices we do not control inflation, we simply conceal it from the broad public. It is clear that when demand is greater than supply of goods and services, the remedy lies in increasing supply, decreasing demand, or both.

In recent years, as we have seen, the public sector, increasing its deficit as a percentage of the gross national product, has played a primary role in the increase of demand. At the same time, however, the real cost of its services furnished to the private sector producing goods and services has increased.

The latter must pass this increased cost onto its products but it is hindered by price controls; as a result, its interest is decreased and it restricts instead of increases the supply of its products. At the same time, the rise in cost creates increased needs for working capital for the same volume of production, but financing clashes with control of financing--theoretically, to control inflation, in reality, to give priority to financing public consumer expenses. So it is necessary to restrict even more production and supply of goods, intensifying the unbalanced nature of supply and demand.

Finally, control is imposed on wages and salaries in the private sector; as a result, the latter cannot attract a working force and, therefore, it further restrains the supply of products. All of this when the public sector continues, undisturbed and increasingly, to press demand. The result is that the rate of inflation, instead of being decreased by the application of measures, has been doubled.

Now What Is Happening?

The measures needed are neither difficult, new, nor, for the most part, untried. They are chiefly measures of West Germany's economic policy in the last 20 years; it has the healthiest economy in the Common Market, the smallest inflation, the strongest balance, the least price controls and the freest economy. Do not let them say to us, Well the German economy on one hand and us on the other, because we cannot call on the Common Market, when the Romaic is advantageous to us in the reverse situation.

The measures, in brief, would have to be:

- a. Freeing of deposit and loan rates and freeing of banks in the distribution of credits where they judge it more advantageous. This move will create within the quickest period of time equilibrium between saving and demand for money and will direct financing to sectors where there is a real demand without obsolete conceptions of "productive" and unproductive sectors.

- b. Subsidizing the financing of sectors, which the government thinks needs to be done with allocations from the state budget so that all Greeks pay for it, not with compulsory deposits from the banks which increases the cost of production of anti-inflationary activities.
- c. Financing of the deficit in the public sector should be done either with international low-interest loans or with domestic loans at private-sector interest rates. In the first case, foreign creditors will exercise control on the degree of the Greek public's debt; in the second, control will be exercised by the real cost of money on the Greek market without the private sector being superseded by the public.
- d. The deficit in the public sector as a percentage of the gross national product should be decreased at a rate of one percent a year at the West German levels.
- e. The number of those employed in the public sector, including public enterprises, should be increased at a rate equal to half of the rate of increase among those employed in certain easily counted sectors of the private economy--for example, industries, handicrafts, tourism, shipping and commerce.
- f. All controls on prices and incomes should be abolished and the government should restrict itself to nominal intervention via the National Collective Contract.
- g. The parity of the drachma, after public-economic and credit measures are first adopted, should be placed at a level which expresses its true value in international transactions. If this is not done first, any public-economic and credit restorative changes whatever in the parity of the drachma will not lead anywhere. On the contrary, fluctuation of the drachma in a framework of credit and public-economic equilibrium will make the country's financial equilibrium structurally sound.
- h. All measures of full convertibility of the drachma and removal of restrictions on movement of capital should be adopted gradually and the drachma should enter as quickly as possible the European Monetary System. Convertible currency is the greatest "discipline" on public-economic and monetary policy, given that every false step is immediately manifested in the balance of payments.

This "packet" of measures will bring Greek inflation to the West German levels within a period of one year; not only will there have been no recessive effects, but, on the contrary, it will lead to an increase in the activity of many sectors. The question is do we really want to fight inflation, if this means a decrease in the public deficit, or not? At this point the sincerity of our intentions is doubtful.

9247

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MEASURES FOR IMPROVEMENT OF DATA PROCESSING PROPOSED

Athens BUSINESS & FINANCE in English 29 Jan 80 pp 26-28

[Article by N.A.Kouros, Systems Engineer and Manager of ICL Division at Pan Solomos Co. Ltd]

[Text] In most computer market surveys which attempt to outline the trends of this market in Greece the lack of trained data processing personnel is identified, but nowhere are the full implications of this fact analysed in depth nor presented in such a way that the real magnitude of the problem can be appreciated. This is the view of Mr. N. A. Kouros, Systems Engineer and Manager of the ICL Division at Pan. Solomos Co. Ltd. in Athens. Below Mr. Kouros outlines some of the problems involved in the "liveware" sector and proposes the increased use of software packages which he feels would significantly improve the efficiency of operations in data processing departments. The use of such packages in Greece up till now has been very limited the author points out, and the sooner Greek management appreciates the true potential of such systems, the better for the Greek economy as a whole. More generally he points out that the problem of the lack of sufficient data processing personnel is a deep-rooted one involving not only a shortfall in computer personnel, but also in trained management at all levels.

BY THE end of 1979 there were approximately 450 computer installations in Greece varying in size from disc-based minis to medium sized mainframe computers and the market is expanding at a rate of 25 percent a year. This is a relatively low computer population and rate of development when compared with

the general progress that Greece has made in the last decade in other sectors of its economy.

This poor performance has been largely attributed to a lack of appreciation by management of the importance of information processing in a company and of computer methods in general.

With the exception of the banks, which have provided the only noticeable data processing activity since 1960, and to a lesser degree some public utility companies, the rest of the market has shown very little activity.

Training facilities limited

As a result the training facilities in terms of experienced staff has been limited and for a number of years even computer companies were hiring part time staff from the banks as trainers.

Following this there was an improvement in the mid-1970s, mainly in the private sector where further progress was made towards the end of the decade following the rapid expansion of the mini and small computer market. This development naturally absorbed the scarce human resources available and thus aggravated the problem.

Over the past fifteen years a combination of inflation and computer cost/performance improvements has effected the hardware/liveware cost ratio as follows:

	Hardware	Liveware
1965	60%	40%
1975	40%	60%
1979	25%	75%

Obviously the efficiency of running a data processing department depends heavily on the "liveware" which corresponds to 75 percent of the total cost, which in turn depends on training.

Inefficiencies created

The implication of lack of training is a sequence of grave inefficiencies that are being created:

- Inefficient management training creates inefficient information systems.
- Inefficient computer staff training creates inefficient computer systems.
- Inefficient computer systems create inefficient data processing systems.
- Inefficient information systems create an inefficient economy.
- There is much talk about increased productivity being the only way in which to develop with rising costs and inflation and it is a paradox to miss the point of the effect of a lack of trained management who can appreciate computer techniques and a lack of computer personnel as such.
- There is also much talk about efforts to increase exports to better the balance of payments and yet very few seem to realise that the biggest import to Greece is, in one form or another, "method" and "organisation" which go hand in hand with "information management systems".

In the computer environment these "systems" have an increasing importance so that the whole of the computer industry is changing its terms of reference and trends are developing. These new "trends" are naturally being directed at products that are minimising the "liveware" cost of a computer instal-

lation and consequently improve the chain of inefficiencies quoted above.

However, while all this is happening within the computer industry, what steps are being taken in the Greek market to improve training facilities and minimise these implications? Unfortunately very few.

Public and private sector

The higher educational establishments in the country, with very few exceptions (but these exceptions include the University of Patras), seem to have different priorities which I am not in a position to criticise.

The public sector presents an enormous problem because of additional adverse factors such as magnitude, hierarchy, salary structures, motivation, etc.

The private sector, however, seems to be more flexible and one can see an increasing number of companies establishing training schemes.

Furthermore, computer companies, software houses, etc., are beginning to take advantage of the lack of expertise and have started to sell training facilities, but it cannot be expected that the national problem can be solved in this way.

Obvious directions

Within the limited objectives of this article a full study report cannot be given on methods to improve the situation, but what we can attempt to do is to indicate some directions, and some of these are fairly obvious, which can be treated as investment opportunities for companies and, more importantly, as planning guides of EDP activities for private companies and the government.

Some of the most obvious methods concern the encouragement of training within companies. The government may directly subsidise training establishments, offer tax benefits for training expenditure and promote seminars and exhibitions.

Another less obvious method

is to take advantage of the new trends in the computer industry which involves the use of software packages. These are software computer products which either improve the method of programming a computer or present a standardised system solution to a variety of financial applications.

The use of packages would improve the efficiency of operations in a data processing department considerably. This improvement would cause a beneficial chain effect in increased productivity in all sectors of the economy and at the same time could be used as a management training exercise.

The packages

To appreciate the importance of this statement one should examine in a little more detail what these "packages" are.

Financial modelling is one of the packages worth considering as an example. How would a financial modelling system be used to achieve improved efficiency and management training?

The technique of financial modelling focuses the attention of management at all levels to the really most important areas of its business. It forces cooperation between the computer and the corporate management. Business enterprises today coexist with uncertainty and every corporate decision made is made with many assumptions. Multiply this uncertainty across the whole of the span of business options which exist in a company, or let us say an industry, compound it with the several possibilities of labour, fuel prices, foreign currency, exchange rates, cash flow, etc., and you have the elements of management decision-making.

The accounting machine cannot cope, financial modelling is

needed. Then the manager can make his own sensitivity analysis, i.e. he can filter out the important elements in his decision-making process; he can become an efficient manager.

What to look for

The package will teach him what to look for, how to look for it, what the implications are, what risks are involved, etc. The package will teach him that he must plan before he can account for. Other packages are more specific, like stock management, production control, hotel administration systems, hospital systems, numeric control, vehicle scheduling, PERT analysis, etc.

There are many companies that have realised the enterprising possibilities of selling and supporting packages, mostly software houses and large mainframe manufacturers.

The explosive increase in hardware costs in the world computer market had an adverse effect on software costs, so, while processor power is becoming cheaper, the software products are becoming gradually more costly.

The benefits

Many sectors of the economy could readily benefit from the use of packages:

- Public utility companies from financial modelling, PERT and data base software.
- Private industry with numerous commercial production control and modelling packages.
- Bank: from modelling.
- Government from data base,

modelling, PERT, statistical packages.

Hospitals, hotels, the tourist industries from standardised industry special packages.
Distribution companies, etc., from vehicle scheduling packages.

The use of such packages in Greece up till now has been very limited. The sooner that Greek management appreciates the potential of such systems, the better for the Greek economy as a whole.

DECREASE IN SHIP ACCIDENTS REPORTED

Athens TO VIMA in Greek 16 Jan 80 p 9

Text Measures to reduce accidents on Greek commercial ships will be expanded and intensified in 1980. Relative to this, Minister of Merchant Marine Kefalogiannis said that the absolute number of ship accidents decreased appreciably in 1979, compared to 1978, but a decrease in the limit on ships which will fly the Greek flag or will insure their crews in NAT [Seamen's Retirement Fund] from 17 to 15 years is being faced.

At the same time, inspections by special details of Port Corps officers on Greek ships located in foreign ports will be continued and the application of all the international treaties and agreements which aim at insuring a high level of safety on commercial ships will be further systematized.

According to statistics published in a specialized maritime periodical, from November 1978 until October 1979, there were 962 accidents (of various kinds, from fires and running aground to total losses) on Greek owned ships flying various flags, while there were 1,072 accidents in the previous 12 months.

As for total losses of Greek owned ships during the 12-month period, according to the same source there were 104, with a total capacity of one million gross tons; that is, about 50 percent of the losses in the worldwide fleet.

Of the 104 losses, 66 were ships flying Greek flags and the rest flew foreign flags. It is particularly significant that of the 104 ships which were lost, 67 were more than 20 years old (about 67 percent) and only three were less than nine years old. Seventy-eight were general cargo ships and 16 were oil tankers. Also, 168 sailors lost their lives.

Three Basic Reasons

There are three basic reasons for accidents on Greek ships. The first relates to the large number of ships which, identified as tramp steamer-barges, must travel all over the world in difficult areas and often in antiquated conditions.

The second relates to the large number of aged ships and the third is due to human factors. In his speech on "Shipping Day" a short time ago, the president of EEE [Union of Greek Shipowners], A. Khandris, stressed that Greek shipowners must take advantage of the improvement in new freightages and get rid of over-aged ships. He also said that the median age of Greek ships is "poor" compared not only with Sweden (85 percent of its ships are less than 10 years old) but also with the fleets of other countries (Norway, France, Denmark, Spain, West Germany and Japan).

He added, moreover, that because of its age the Greek fleet has taken the lead in over-insurance for ships more than 15 years old. We are also experiencing criticism of our companies in the Common Market, including the high percentage of accidents. For this reason, the EEC is contributing generously towards training Greek officers from the merchant marine. It has also offered to quadruple its yearly donations to the Nautical Training Fund (it is now 500 million drachmas) so that the level of training will be improved even more since, unfortunately, the greatest percentage of accidents is due to human factors.

Finally, with the application of bilateral agreements on hiring foreign sailors, the ships will be freed from unskilled crews; they will be replaced by capable sailors of the same nationality so that there will be a decrease in accidents often due to poor communication between the crews.

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GOUDZWAARD WORRIED ABOUT CDA POLICIES

Rotterdam NRC HANDELSBLAD in Dutch 2 Feb 80 p 23

[Report by Marc Chavannes: "The CDA (Christian Democratic Appeal) Is No Objective for Me."]

[Text] Prof Bob Goudzwaard will try it once again. Two former attempts by the AR [Anti-Revolutionary] ideologist to have the CDA show its colors produced little but resentment and some delay of the merger between the three Christian parties.

He is still no supporter of such a merger, but as an inspired economist he sees Dutch society getting into such straits that he will enter the ring once more. The miracle which was to retain him for the CDA has been delayed for a few months.

"Do some people in the CDA say that I am naive? That doesn't bother me. They only see the tail end of the whole story. I hope I can make it clear that I am possessed by the most profound realism possible. What has happened in politics now is not so real. It seems realistic, but it is a shadow show, an outdoing of each other on cheap issues and an escaping into technology; you can see that in the arms debate [in the Dutch cabinet in December 1979] and in the problems with the budget."

In Toronto, where he gave guest lectures for 3 weeks, Professor Goudzwaard has considered matters thoroughly. He could indeed have left the CDA and become the only extra-parliamentary loyalist who remained true to his principles. But in his Canadian isolation the insight matured that there would be an element of mercilessness toward the following in that dramatic step. "It would have been a balancing act, nicely consistent in comparison with the Ten [former CDA dissidents?], but more time is needed to make the real issue recognizable." What is at issue is so urgent, in Goudzwaard's opinion, that he is prepared to leave the safe VU [Free University] for it. But the CDA top administration must openly leave some room and show respect for Goudzwaard's growing realization and that of his followers that many

changes have to be made. The letter from the four CDA party chairmen meets that wish; it is enough to keep Goudzwaard on this side of the Atlantic. Back in the Netherlands, it is slowly becoming clear to him how that letter came into being, and the feeling is coming over him again that he is still getting stuck with "a knave of spades." But that's just an aside.

Bankrupt

Time is pressing; the fatherland has such great troubles that great changes are essential. Goudzwaard hopes that he can convince the people in the CDA of that in the near future. But should the CDA not want to be a vehicle of renewal, Goudzwaard doesn't want his message to get lost in party-political bickering. "I believe that state finances will absolutely break down in the next 6 months. That 3 to 4 billion guilders of retrenchment which is being discussed is only a facade. The predictions of the Central Planning Bureau make it clear that even if the Dutch population should be prepared to accept the zero-line in contract wages and a 1 percent increase in incidental wages, additional retrenchments of over 15 billion would still be required. Just think of all the resistance Specifications '81 has caused. Our psychologically understanding government won't be able to cope with that confrontation. With that we will be facing insoluble problems with the state finances. We are heading toward bankruptcy. I have the impression that [Minister of Finance] Andriessen doesn't know how to get out of it."

He who thinks he is dealing with a concerned, liberal economist is wrong. He is indeed gloomy about the state of our society, but as a chronic commuter between science and politics, between hope and despair, he does see a way out. If only enough people want to understand.

First the phenomena. After World War II, primarily the private and collective sectors were regularly in conflict with each other. Reconciliation always occurred when the economy was growing steadily; if that growth decreased, inflation or unemployment arose.

Little by little, in Goudzwaard's description, the government increasingly got saddled with the unpaid bills of the private sector. That is especially clear now that the time of continually recovering economic growth is past. The OECD (the economic organization of the rich, Western countries) expects an annual growth of between 0 and 2 percent. But the posing of demands continues. The rhythm of the economic order is attuned to that in all its components. It is deeply rooted that everyone, every organization and also the government itself continually asks more. At most a short year of pause will be considered.

Now that the economy is not recovering, the budget itself -- which should be a control mechanism -- is getting out of control. Only through measures which will drastically affect work opportunity and acquired rights, can that budget be partially saved.

Goudzwaard: "The system appears to be failing. We have an understanding and lenient government which goes no further than fighting general symptoms when forms of economic egoism show up, when the union movement asks too much or when companies take too much profit."

Dilemma

An intermediate form has developed, a more direct form of government intervention, such as the support to a number of companies which ended up in trouble, for example. "A maze of management instruments (sometimes cancelling each other out), detailed price policies, a wage-pause. However, the real problems are not solved by that," says Goudzwaard.

The dilemma of a spoiled society which wants more, even when there is no more, and a so very understanding government which wants to help, but can't, is part of the congealing of our economic order, in Goudzwaard's opinion. In the chain of continued shifting of the burden of wages and prices, more and more burdens have ended up with the government, which is also being saddled with care for the environment, the wise utilization of raw materials, work opportunity. In reflection of that, companies only set out to decently produce what the market demands. What happens to people and the environment is less and less the concern of companies. The government has to be responsible for everything. Therefore it creates a growing bureaucracy; a real grasp on events is not acquired. It could result in a guided economy, but that won't happen says Goudzwaard. The government has no way out and in practice it will be increasingly forced to review in advance all important decisions on socio-economic policy with employers and employees. That would lead to a so-called consensus economy in which the three partners cannot do anything without each other. That won't keep them from trying to shift the consequences of decisions taken, as much as possible, to each other, whereby real solutions are being pushed away.

Goudzwaard moreover is apprehensive of such a consensus economy because it emphasizes the distance between bosses and the masses, and leaves little room for political democracy: Kok, Van Veen and Albeda cut the knots; parliament and king/trade union member do the correcting.

According to Goudzwaard this is not the direction to take. In order to be able to change the course, the causes of the trouble must be bared. Everyone is digging his claws into someone else because faith in economic growth has been shaken. "It somewhat resembles betrayal of the gods. We had made our happiness very dependent on the degree of advancement. Faith in economic growth as a guide toward a better world also has brought along a certain erosion of responsibilities. Companies see only production and returns, the union movement sees only wage increase and the government wants to let the population have a share in the economic growth.

"Thus you get a mechanism which feeds on its own strength, which pushes us forward and makes us hit the limit of what is available in the long term

in environment and energy, and of what people are able to cope with in their work. For efficiency is the yardstick. That which is most productive, must be done. "We have become used to making demands since it is accepted as a matter of course that economic growth makes the granting of them possible. But the growth does not adjust itself to the demands and therefore we are entering many years of renewed inflation. I have the impression that the economic growth which is presupposed in our society is the origin of our paralysis. We can no longer do without it."

Tempters

Goudzwaard has the whole story on one sheet of paper. He has presented it in Toronto and he also wants to tell it here, for it is the kernel of the sense of urgency with which he wants to convert the CDA and the country once more to the insight that with our economy and our armament zeal we are pursuing idols. Growth and Security are the names of these tempters toward the wrong road.

In the economic sphere we are so tied to growth addiction that even now we are still pulling extra hard for the recovery of growth in order to fight the bad consequences of it (first the recovery of growth/returns -- if necessary at the expense of work -- in order to fight unemployment).

"What we see as the solution of the problem is to a great extent the problem itself." And thus it is just as plain to Goudzwaard that our "security mania" is to a high degree threatening to the security of the free West so dear to us.

In Canada and the United States he continually heard reports on the radio during the past few weeks on Afghanistan. Plans were continually mentioned to strengthen armament even further. Goudzwaard: "The euphoria of fear was experienced. Security is of course a valid desire, but it can deteriorate into an overstretched ideal; it can acquire a religious meaning, something so vital that it justifies any means."

Here also the course of more first in order possibly to get to less, a course which does not appeal to Goudzwaard. For that matter, there is yet another reason why he rejects the modernization of the NATO medium-range missiles. He sees them as such a real Europe-only threat to the Soviet Union that in case of a conflict it is obvious that the Soviets would first attack the owners of the new missiles. If we don't have them, we become less vulnerable, argues Goudzwaard.

The main objection is that, just like the growth in economy, in our defense efforts security has become an absolutely autonomous goal which sanctions all means

In Goudzwaard's eyes, two international organizations to which the Netherlands belongs are the embodiment of objectives which have become

frozen, also on a national level. NATO is the engine of our security mania, the European Community stands for our unbridled striving for prosperity via the market economy.

Psychiatrist

Goudzwaard admits that the misery pictured is no longer calculable. Addicted to growth, we are messing up the earth and letting others pay for our car. And don't forget our psychiatrist. For many people have lost their way and don't like what they do all day.

Employees' organizations also are entering an identity crisis; they are very good at asking for wage increases, but that costs work opportunity and it doesn't solve anything. The haulage strike ultimately proves that the union movement will have to pay more attention to the people, just as employers will have to do. Neglecting that aspect has resulted in looking for a way out in tough wage demands, according to Goudzwaard.

How will we get out of our troubles? According to Goudzwaard by adapting ourselves to "the horizon of sufficiency." By being prepared to be satisfied with a fixed minimum wage, on top of which a flexible salary would be added which depends on what the company in question is able to afford. Direct shared responsibility of employees in the course of the company is obvious here.

Goudzwaard sees a society in which companies, employees and the government fully take their responsibilities upon themselves again, as the only alternative to a consensus economy (in which democracy withers). Goudzwaard: "I hope profoundly that this will not be seen as idealism only. I fear that by now this is the only realistic solution. The question is whether it will be snapped up. I am not an optimist, but perhaps society has gotten into such a mire now that people are prepared to accept measures they didn't want to hear of 10 years ago."

Rules have to dominate again. Bob Goudzwaard is deeply convinced of that. Not only because their origin "goes above people," but also because otherwise society will end up in undemocratic or even chaotic conditions.

"That is my motivation to return to politics. The CDA must be brought to a choice on this point. Of course I could go on alone and go my own way. Then some will say: how courageous, and they will rally around me. But I have the feeling that the entire following of political parties, including that of the CDA, has not been sufficiently confronted with the entire problem. Therefore my isolated explanation on nuclear armament was difficult to understand -- they could not see the connection.

"I return with a certain feeling of tenseness. If the problem in the CDA does not at all become recognizable and the willingness to free the economy does not exist, then possibly a different political development

is needed in the Netherlands than continuing to belong to the CDA.

Miracle

"In the past, isolated statements of mine have come through like threats. But certainly the problems are now so great that searching for new ways must come first. Possible party-political consequences are only the border of it. I truly hope that the members and the leadership of the CDA will see the need for a choice and I hope that they will make the proper choice. As far as I am concerned, the need for a miracle still holds. (In TROUW of January, Goudzwaard wrote that only a miracle could retain him for the CDA.) Only, I don't get out for 14 weeks and don't leave it entirely to others to bring about the miracle. But I stand by the need for that miracle, for we have only little time left."

All of Goudzwaard's oppressing appeals to the CDA-in-the-making have not made him popular everywhere. In the assiduous party press he has openly been asked lately to stop his harping. But only a few years have passed since the originating of the applauded party program "Not By Bread Alone," of which Goudzwaard was an important author. That appealed to many people at the time, but now the dynamism has gone from it, he says, and he recalls the capricious Steenkamp of 1972 who already in those days wrote a political strategy full of ideas which Goudzwaard now wants to incorporate. "If we are prepared to put our hands between the spokes of history . . . one doesn't hear much about Steenkamp these days. But I have the impression that the old Steenkamp is still alive. Only, he has been overrun by little daily problems. The CDA has become too tenaciously a goal. I don't think one should apply bible texts directly to politics, but it is true that 'Whosoever will save his life shall lose it, and whosoever will lose his life shall find it.'

"Whether I don't wish desperately that another soul inspire the CDA? No, the CDA is not an objective for me. The objective is to prepare the way toward a responsible society. If the CDA wants to be the means toward that, I definitely want to be part of it. If the CDA does not want to be the means, I must go another political way."

Federation

When asked, Goudzwaard says that he would not shun the ministership in a new cabinet. Still, even his critics in the CDA do not accuse him of operating from ambition; he was a member of the chamber, he could have had a seat in the current cabinet ("I found the public support insufficient") and he has a good position with the Free University. Nevertheless, the seriousness of the problems in the country causes him to hope that within the near future some receptivity for his story will show up. That must not be explained as a threat. But the urgency is so great that he thinks in months rather than in years.

Over and above that, Goudzwaard's unasked for advice of spring '79 to the AR party, in which he expresses preference for a CDA federation above a complete merger, still holds. He has no reason to change his opinion on that. That does not remove the fact that, if AR voting circles should still decide on a merger, Goudzwaard still wouldn't have a reason to withdraw his candidacy for membership in the chamber. However, then something definite should be showing up also in the CDA program committee in which he is participating again. "I can't just participate drably." Quietly he sighs: "I won't let myself be fooled endlessly."

"Mrs Laning and Mr Aantjes would prefer to get to work again in the CDA program committee; I have noticed that. But Aantjes has not exerted pressure on me in any manner whatsoever. Both the suspending and the resuming of the work have been completely personal decisions. I wanted to have at least an indication that the CDA leadership and the ARP administration gave us room; that was necessary still to see some light in the situation. If the case were such that the three chairmen told the prime minister what was written in their letter, I would find that understandable. If the case is such that they probed minutely what else the prime minister could bear, then the word masquerade from the NRC front-page article is just."

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CSO: 3105

ORVIK ASSESSES PROSPECTS FOR BURGEOIS GOVERNMENT ALTERNATIVE

Oslo AFTENPOSTEN in Norwegian 16, 17 Jan 80

[Analysis by Nils Orvik]

[16 Jan 80, p 2]

[Text] The communal elections and the financial debate have made the nonsocialist coalition alternative the main topic of this fall's political discussion. After cooperation has been taken for granted for a long time, the question is again raised: Is there a realistic nonsocialist governmental alternative?

With the parliamentary situation that exists during the present session, the answer must be negative. With a socialist majority in parliament, there is no possibility of a nonsocialist government that is capable of functioning. The question of interest is not what one might think of the chances for a nonsocialist coalition government years from now, but how a nonsocialist majority may be achieved during the parliamentary elections in 1981. It seems quite clear that the more a coalition alternative is sought before the elections, the less chance there will be for a non-socialist majority after the elections.

You do not need to look far to find out who began and who is now keeping up the early debate over the (lacking) nonsocialist governmental alternative. The Social Democratic Party suffered a clear defeat in the 1979 commune elections. DNA (the Norwegian Social Democratic Party) is no longer the young people's party. Studies show that 41 percent of the first-time voters will vote Conservative, while only 16 percent choose the Social Democrats. It is so serious that the Social Democratic Party is also losing its grip on established groups of voters. Things are coming apart at the seams from top to bottom.

Can the party appear in a new, more attractive guise in 1981? With the personnel and policy profile they insist on keeping, there is little chance of that. Chairman Steen and his fellow party members at Youngstorv

understand that a new series of promises of renewal and rethinking will not be sufficient to stop the defections. The image of the Social Democratic Party as a tired old steam engine, puffing along on the same old track is too close to reality to conjure away with tricks or incantations. The election strategy is, therefore, the following: Since we are incapable of increasing our own appeal, we will try destroying that of others. If we can get the nonsocialist parties angry at each other, stir up their internal differences so that they end up in a big, noisy brawl, the Social Democratic Party will gain support as the lesser of two evils: poor leadership is better than no leadership. In this negative objective lies the only real chance for them to continue as the ruling party after 1981.

Of course, the Social Democrats did not create the difference between the nonsocialist parties. They must take responsibility for that themselves. Each of them tries to capture as many nonsocialist votes as possible, on the assumption that many for one party means fewer for the others. The commune elections frightened all the center parties. They are asking themselves, if more cooperation only makes the Conservative Party larger, then what are we gaining from it? Why not have less cooperation, which can make a smaller Conservative Party? Conditions are ripe for discord, which the Social Democrats are now trying to exploit with their smear campaign to isolate the Conservative Party.

The prerequisite for the success of this strategy is that the nonsocialist parties do as the Social Democrats say, that they answer the Social Democrats' call and now, more than a year before the election, document the degree of unity and coordination that will make probable the nonsocialist government alternative in 1981. The fact that there are more than one nonsocialist party shows that there is disagreement among these parties on certain points. The more concrete the probes toward cooperation are, the clearer the differences become. But there is no law stating that the nonsocialists will lose the voters' trust if they refuse to take the bait the socialist parties want them to swallow. The three nonsocialist parties in question need not follow the Social Democratic Party's call to engage in a nonsocialist civil war. They will be much stronger if they openly and honestly admit their differences in certain questions, while at the same time emphasizing their fundamental differences with respect to the Social Democratic Party and concretely pointing out the damage that 70 years of socialist rule has caused. What brings them together is more important than what separates them.

The increasing agitation against the "onslaught" and the power on the right shows that the DNA leadership is following Lenin's formula of destroying the opponent by driving a wedge between the leaders and the followers. First, the strongest one must be isolated, then the others can be rendered harmless one by one. By creating a nationwide campaign against the Conservative Party, the Social Democrats hope to frighten the nonsocialist center parties from identifying with the Conservatives' positions. At the

same time, they are setting out the old bait of a possible coalition government. Veiled allusions to a new "emergency compromise" with a nonsocialist center party has now become a ritual, repeated before each election. The aim is always the same--to increase discord and draw the center parties further away from the Conservative Party. As long as the Social Democratic Party persists in their goal of establishing a socialist society in Norway, there is no chance for a coalition with a nonsocialist party. Purely Social Democratic governments are a major requirement, about which there has never been any doubt. Such prospects are meant only as window decorations during the pre-election period.

What must surprise ordinary voters is how the two center parties in question can be interested in helping carry out the Social Democrats' election plan under the divide-and-conquer banner. One must assume that their goal is to obtain a nonsocialist majority in 1981. Do they not understand that when they take their cue from the Social Democrats and keep their distance from the Conservative Party, that increases the probability of continued socialist rule, while their own chances for maximum influence disappear? Do they not see that if they really want representation at the government level, their only real chance is a coalition government with the Conservative Party as the strongest coalition partner? They have no alternative.

If the three nonsocialist parties in question are honestly inclined to make the goal of a nonsocialist majority in 1981 a reality, it seems obvious that they must clearly and decisively reject the call to participate in a nonsocialist civil war and, instead, follow the plan for cooperation that Erling Norvik was primarily responsible for drawing up after the 1977 election. It is neither necessary nor appropriate to present the voters with a detailed, coordinated program. At the same time, the nonsocialist parties will assume a stronger position among voters if each one openly and honestly admits internal discrepancies, but emphasizes the points at which their nonsocialist concepts differ from socialist policies. Each one has its own special aims that appeal to certain groups of voters. Each one has its "congregation." By emphasizing their identities, the total nonsocialist circle will grow, which from an overall nonsocialist standpoint is a distinct advantage. This does not mean that the differences of opinion that everyone knows exist are to be swept under the rug. On the contrary, it will increase their credibility if they admit the discrepancies while, at the same time, emphasizing the necessity of postponing a detailed coordination until after the election returns are in. An election strategy in which each of the three nonsocialist parties puts forward its own programs and views--without attacking each other--will create a stronger positive reaction among voters than the tactical, manipulated smokescreen which over the years has become the special trademark of the Social Democratic Party.

[17 Jan 80, p 2]

[Text] From any standpoint that is based on reasonable and rational considerations, it must be in the interest of all the nonsocialist parties to

join in solidarity during the election campaign. From the voters point of view, there is no compelling reason for them to demonstrate this unity in advance by putting forward a common platform. They will stand on much more solid ground by acting individually, each party with its own appeal to its own group of voters. The stipulation is that they consistently refrain from attacking and damaging one another. This is the main requirement for all the nonsocialist parties. A nonsocialist civil war will destroy any chance of a nonsocialist majority. A position of solidarity is the prerequisite for it.

This is straightforward enough in theory. But supposing that the nonsocialist center parties let themselves be tempted to break that basic principle, that in their short-sighted opportunism they take their cue from the Social Democratic Party and attack and reject the Conservative Party, thereby giving the signal for civil war? After what happened last fall, it would be unrealistic to take nonsocialist solidarity for granted. The Liberal Party, with its direct attack against the Conservative Party, has rejected the call for solidarity. Thus, it has taken up a position outside broad nonsocialist cooperation. The two center parties, the Christian People's Party and the Center Party have so far formally rejected the call to a nonsocialist civil war. Nevertheless, their behavior during the financial debate and subsequently shows that they are game when it comes to tripping up the Conservative Party if the opportunity should present itself. In addition to tactical jockeying, there is also factual disagreement. During the defense debate, both center parties stood solidly behind the Social Democrats 3 percent plan instead of supporting the Conservatives' proposal for a 4 percent real increase for a wholly necessary improvement of our air defense.

A sober evaluation reveals that the nonsocialist civil war is in full swing and there is little hope that it will end. The closer it is to election day, the more bitter the civil war becomes and Steen and his fellow party members at Youngstorv can rub their hands with delight. Everything is going according to schedule. The nonsocialist parties themselves will take care of the demolition work and, with their internal squabbling, lay the groundwork for a new socialist government in 1981.

When at last this is fully revealed, what will be the probable reaction among the increasing number of voters who have gradually been convinced that continued socialist rule will cause the nation damage that can perhaps never be repaired? What is their voting alternative? Will they become nonsocialist non-voters or will they, out of sheer desperation, vote for the Social Democratic Party as the lesser of two evils, as the people at Youngstorv are counting on?

After noting the Liberal Party's attack against the Conservatives and the two other center parties' hidden reservations, many nonsocialist voters must now be starting to ask themselves: Is it really impossible for the

Conservatives to gain such a large following that they can form their own government in 1981? If the Social Democrats can form a minority government with 40 percent of the votes, should it not be possible for the Conservatives to do so as well? Up until now, many people have voted for one of the center parties on the assumption that it does not matter so much which party they support as long as they vote nonsocialist. If these voters now begin to see that the center parties' lack of solidarity and their efforts to isolate the Conservatives will destroy any possibility of getting a working nonsocialist government and vote Conservative for this reason, it can actually be possible to achieve the 10 percent increase that now separates the Conservative Party from the 40 percent level.

As indicated on several occasions, by distancing themselves from the Conservative Party, the center parties hope to take up a position midway between the Conservatives and the Social Democrats. This tactic is based on the assumption that the average Norwegian voter is center-oriented and therefore inclined to follow the middle path. It is possible that this was the case previously, but it is less likely to be true in 1981. First of all, Norwegian voters are not mechanical robots who blindly seek the center, no matter what a self-styled center party stands for. Henry Valen and other voting researchers demonstrated long ago that voters are more mobile than ever before. Secondly, we are now in an international time of crisis--with respect to both economic and defense policy. It is rather certain that the effects of this will hit even harder in 1981. And experience shows that during times of crisis people opt for real alternatives that can provide new plans and direction.

In the long run, the Social Democrats' hysterical propaganda about the threat on the right, the "blue balloon," and its efforts toward isolation can become a boomerang that the party leadership may come to regret. For many years they have drilled into the Norwegian people that of all the political parties there is one that stands apart from all others--the Conservative Party. It will be a natural reaction during a time of crisis for voters to turn to the only party that clearly rejected Social Democratic policies, which have gone awry, and that had sufficient strength and courage to point out solutions that later proved to be correct.

We have had poor experience with previous Social Democratic governments and discouraging impressions from many years of fumbling "leadership" under Borten and Korvald. The only alternative not yet tried is a purely Conservative government with enough support in parliament to give it a real opportunity to lead. Thus, the more the Social Democratic Party and its supporters cry about the threat on the right and the specter of the right, the firmer the impression becomes among voters that there is a realistic alternative in Norwegian politics, represented by a party that is different from the others, that stands for ideas that have not yet prevailed and that, with nationwide support, can be a reality beginning in September 1981!

If developments continue as they are going at present, nonsocialist voters will have two choices in 1981--an alternative based on the three center parties and a nonsocialist rallying around the Conservatives, for the purpose of a purely Conservative Party government. A sober evaluation, based on both international and domestic factors, must conclude that the real possibility exists of a voter support for the Conservatives of around 40 percent in 1981--not automatically, but under a number of conditions. Here are a few of the more important ones:

First, the party must create a broader base with respect to organization and recruiting. The Conservative Party is strong in the larger cities, but unnecessarily weak in rural areas and small towns. With around 20 months left until the election, there must now be a nationwide appeal for active participation in local party work. The Conservative Party has enormous human resources in the private and public spheres. If the goal of a Conservative government is to be realized, they must become involved in an active political effort during the coming months. Everyone who has decided to vote Conservative, out of national, economic, or security considerations, must feel it as a personal obligation to report to the local Conservative headquarters where he or she belongs and carry out active party work up until the election. It should be an additional obligation for all Conservative voters to wear the Conservatives' membership badge as visible as possible and act as spokesmen for the Conservative Party, using both the spoken and printed word at all political occasions.

Secondly, the party must produce a clearer, sharper political profile that makes clear to everyone that the Conservative Party is serious about the principles the party stands for. The idea of "protesting vigorously, then going along" is a weakness that has characterized the party since C. J. Hambro's time. The party cannot present itself as a governmental alternative to the Social Democratic Party and, at the same time, vote for proposals that go against the party's fundamental principles. The position of the parliamentary group concerning the final vote on the defense budget is a recent example. This creates doubt over the party's reliability and credibility. A party cannot later criticize measures it voted for itself. If there is disagreement in principle, open dissent during the voting is a natural consequence. A clear position creates respect and trust. Regard for group unity can be carried too far.

Last, but not least, the Conservative Party must gather its strength in the two areas where it has always been strongest--economic and security policies. It is in these two fields that the party differs the most from the Social Democratic Party. It is also these questions that occupy and disturb the voters more and more. Here a nationwide effort is needed to put forward the Conservative Party's main ideas all over the country.

Finally, let me emphasize that these are ideas that are being discussed among ordinary, rank-and-file voters who are far from the party offices.

We see continued socialist rule as a real threat to vital national values and at the same time we have greater and greater doubts concerning the groping and fumbling that characterizes what we have seen so far of nonsocialist cooperation. The center parties still have a chance for wholehearted, solidary cooperation with the Conservative Party. That would theoretically be the best solution. Since there is little chance that they will change their lukewarm position they have so far held, a purely Conservative government has become the only realistic nonsocialist alternative. And since it is the only one, it is also the best one. If we are serious about what we claim to stand for, we must each devote all our strength to active political work to put the Conservative Party over the 40 percent mark in 1981.

9336
CSO: 3108

VOTERS NEED CLEARER PICTURE OF ALTERNATIVES TO NORDLI GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 18 Jan 80 p 2

[Editorial: "The Political Alternatives"]

[Text] In two articles in AFTENPOSTEN Professor Nils Orvik, in an insightful but undeniably somewhat provocative way, has brought into focus the central problems involved in nonsocialist cooperation. The objective is to make clear the conditions for a realistic nonsocialist governmental alternative and, especially, what consequences a nonsocialist "civil war" could have for developments up to the parliamentary election in 1981. Orvik correctly emphasizes that a prolonged war among the nonsocialist parties would destroy any chance of a nonsocialist majority. Solidarity and cooperation are the prerequisites.

But--and this is a very important question: supposing the nonsocialist center parties let themselves be tempted into breaking this fundamental principle and, in their short-sighted opportunism, take their cue from the Social Democratic Party and dissociate themselves from the Conservative Party, thereby giving the signal for civil war? Orvik states that after what happened last fall it would be unrealistic to take nonsocialist cooperation for granted. With its direct attack against the Conservative Party, the Liberal Party--as we all know--has refused the call for solidarity. And even if the Christian People's Party and the Center Party have formally rejected the call to a nonsocialist civil war, their behavior during the financial debate and subsequently shows that they have nothing against tripping up the Conservative Party if the opportunity should present itself. On this background, Orvik asks a question most people who favor cooperation have so far left unasked, but which under certain conditions could become a political reality. The question is this: If nonsocialist voters begin to see that the center parties' lack of solidarity and their joint efforts to isolate the Conservatives will destroy any chance for a viable nonsocialist government, will they not then rally around the Conservative Party as the only realistic alternative? Many people are asking themselves: If the Social Democratic Party can form a minority government with 40 percent of the votes, should that not also be possible for the

Conservatives? This is obvious, under the condition that there is a nonsocialist majority in parliament.

Orvik states that if developments continue as they are going at present, then in 1981 nonsocialist voters will have two choices—an alternative based on the three center parties and a nonsocialist coalition around the Conservative Party for the purpose of forming a purely Conservative government.

We have stated previously—and repeat now—that we believe cooperation between the Conservatives, the Christian People's party, and the Center Party is a natural basis for a nonsocialist governmental alternative. But we wish to stress again that we do not want this type of cooperation at any price. The main requirement must be that the desire for whole-hearted cooperation based on solidarity is present with all parties and that they consistently refuse to attack and damage one another. If it turns out that these conditions cannot be fulfilled, or—as we experienced last fall—that the Christian People's Party and the Center Party align themselves with an extremist Liberal Party to create an "alternative to the Conservative Party," then they should at least bear in mind that the consequences can be exactly as Orvik indicates in his articles. It is better to clarify this now than closer to the election.

The voters demand a clear answer concerning what alternatives are available and what these alternatives mean concretely. We have never thought that the three nonsocialist parties should go into the election with a detailed, common program but, on the other hand, there must be no doubt concerning the course and the main political direction. The point is for the voters to know what the nonsocialist parties intend to achieve by a new coalition government.

9336
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STOLTENBERG HINTS EXCESSIVE BRITISH DOMINATION OF AF-NORTH

Oslo AFTENPOSTEN in Norwegian 11 Jan 80 p 4

[Article by Olav Trygge Storvik]

[Text] Defense Minister Thorvald Stoltenberg wants to debate whether a Norwegian general should assume the position as chief of NATO's northern command on Kolsas permanently or whether a system should be found whereby all or part of the countries within the northern command area should have this position on a rotating basis.

In a recent speech at the Oslo Military Society Stoltenberg stated:

"The organs of international cooperation and a joint staff system have led to a situation in which all NATO countries have officers with international experience. General Zeiner Gundersen can be named as an example who, as we all know, is presently chairman of the Military Committee. This system has also led to the post of chief of central command being filled by an officer from a country in this area. I am not against having this trend continue at the other commands as well."

AFTENPOSTEN has been told by a well informed source that the idea behind Stoltenberg's words at the Military Society was to send a warning to other NATO allies within the northern command that the Norwegian defense leadership sees the northern command as being too much dominated by Great Britain and that greater consideration should be given the smaller countries when it comes to dividing up the responsibility. Stoltenberg had discussed his speech beforehand with the chief of defense, although it is unknown what remarks he made.

Stoltenberg informs AFTENPOSTEN that for some time now there has been a trend within the alliance toward having local, national officers in NATO command areas take over the leadership. This has been true for a long time in the central region where there has been a German chief and in Turkey where a Turkish officer has the command.

"When it comes to the northern command, Norway is the dominating force in the area. For this reason I think it is natural for a Norwegian officer

to take over the command on Kolsas," says Stoltenberg, "but the idea behind my speech was to start people thinking and begin a dialog on the problem. We can do this now while we still have time and especially while we are on good terms with the British General Sir A. Farrar-Hockley.

9336
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NORWAY TIGHTENING RESTRICTIONS ON WEAPONS EXPORTING

Oslo AFTENPOSTEN in Norwegian 23 Jan 80 p 3

[Article by Liv Hegna]

[Text] Are Norway's restrictions on the sale of arms and military equipment being tightened? Preliminary results from a study undertaken by the Norwegian Foreign Policy Institute may indicate that. Even though arms transactions are surrounded with the greatest possible degree of secrecy, there are still indications that Norway has followed a more and more restrictive line in this area. It actually looks as if we are going to overtake both the Swedes and the Danes with respect to burdoning our export business with restrictions.

If Norway is not the country with the most restrictive policy in this area it is in any case not far from it. When it comes to the formal regulatory apparatus, Norway is not far behind Sweden. But an evaluation of actual practice shows that the Swedes have a far more pragmatic view if it is a question of strengthening their own industry.

However, only a few Norwegian companies have managed to hold their own on the international market. This is especially true of the production of parts for American F-16 planes. It was this that brought Norwegian arms exports into focus a few years ago. However, no comprehensive study of Norwegian arms exports has ever been carried out previously. The research project at NUPI (Norwegian Foreign Policy Institute) is the first of its kind in Norway.

Parliament has determined that the country will not export weapons "to countries where there is war or the threat of war." The list of countries that can conceivably get into such a situation is very long and the Norwegian restrictions have come to be interpreted so strictly that it is only NATO countries, our Nordic neighbors, plus perhaps a few other countries that come under consideration when a Norwegian company sees fit to enter the world market with weapons (parts) or military equipment.

The original restrictions on Norwegian arms exports date back to 1935. The matter was taken up at that time on the background of arms exports to Bolivia from Raufoss Ammunisjonsfabrikker. Bolivia was at war with Paraguay

and the League of Nations wanted an embargo on arms exports. Norwegian authorities were unwilling but after insistent requests from Great Britain, among others, Norwegian restrictions were established. After exposure of Norwegian arms exports to the Battista regime in Cuba in the late fifties, the Norwegian regulations were tightened.

This time they came to include countries "where war is threatening." Responsibility for interpreting the regulations is in the hands of the Foreign Affairs Department. Researcher John Kristen Skogan at the Norwegian Foreign Policy Institute tells AFTENPOSTEN it appears that the Foreign Affairs Department has followed a more and more strict line with respect to interpreting the regulations.

One question that has gradually arisen along with technological developments is what actually constitutes a weapon? It is clear that ammunition comes under this category but where does one draw the line for other material?

"When we know that the same computer or calculator produced at Kongsberg Vapenfabrikk is used not only in the firing mechanism for Norwegian Pingvin rockets but also for cutting body parts for cars made at Saab factories, then this indicates part of the problem we are up against with respect to drawing the line," Skogan tells AFTENPOSTEN.

One practical problem researchers are facing in the area of Norwegian arms exports is that they are not listed in the commerce statistics. The deals are kept secret "for reasons of national security."

Skogan's research project is expected to be complete during this spring. The project is receiving financial support from the government's disarmament committee.

9336
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DEFENDING NORWAY'S SOVEREIGNTY LIKELY TO REQUIRE HIGHER SPENDING

Oslo AFTENPOSTEN in Norwegian 5 Jan 80 p 3

[Reportage by Egil Sundar]

[Text] Will Norway and the other European NATO countries be increasingly prepared to accept the economic and other hardships that the defense of their own territory will mean? All indications are that this will be the main question both for Norwegian political authorities and for the NATO alliance as a whole during the decade we have just entered. Foreign affairs and security problems linked to defending the interests of the western world in the broadest sense will make increased demands on unity and political leadership and especially on the will of the peoples of Europe for sober consideration of their own situation.

The debate over modernization of NATO's middle-distance rockets has shown that antipathy toward nuclear weapons in Western Europe has increased dramatically. On the emotional level this antipathy is probably present to the same extent in everyone but to reject them exclusively on this basis would seem to be completely irresponsible for parliament or a government. The question of which weapons systems one should invest in will always be the subject of varying opinions. But, to quote the Social Democratic Party's leader in parliament Trygve Bratteli, as long as it is necessary to have weapons we must treat such questions with forethought and calm. And, unfortunately, it is still necessary in our time.

The emotional debate over NATO's modernization last fall gives us reason for serious thought. Both in Norway and in some of our ally countries, it revealed a frightening lack of understanding of the fact that the European NATO countries should feel a special obligation to defend Western Europe's security against a growing military superiority on the part of the Soviet Union. This is all the more true since we know from experience that weakness and yielding have always tempted aggression. The purpose behind installing new nuclear weapons in Western Europe is precisely to avoid such a great inferiority on the Western side that it could tempt the Soviet Union to blackmail or attack.

It is true that Norway is not directly affected by the modernization plan but it is also true that we are completely dependent on NATO's defense capabilities. And if we want to be a member of the defense alliance we must also share the responsibility. What would the consequences be if, in vital questions of the common defense, one were to operate with "A" and "B" class membership?

The vocal and extensive opposition to the installation of technical nuclear weapons in Western Europe must be attributed to the general fear of nuclear war. This fear is understandable. But is there not a certain double standard lurking behind the opposition, for there is hardly a single protester who does not know—or at least has an idea—that it is none other than the balance of power in strategic weapons that has prevented war and guaranteed the independence of the West. Thus, the question is: Shall we continue to base our security on an American decision to enter an all-out nuclear war? And can we just assume that the American authorities are willing to risk a nuclear Armageddon to defend their allies?

This brings up several problems for the United States. They must ask themselves especially how the United States' European allies can maintain their independence and self-reliance in the shadow of the Soviet Union's increasing conventional forces, continued Soviet arms buildup and installment of nuclear weapons aimed at targets in Western Europe, and the rapid development of the Soviet Union's naval forces. If Europe cannot be defended in any other way, the American policy dictates that it can become necessary to use strategic nuclear weapons. However, for a world that wishes to survive, other alternative possibilities must, of course, be developed. Consideration of these questions has been underway for a number of years both at NATO and, especially, within the framework of American defense planning. Modernization of tactical nuclear weapons in Western Europe is one of several answers in this continuous challenge.

When we point out in security policy debates here at home that Norway is situated at the point of intersection between the strategic interests of the superpowers, represented by the Soviet Union and the United States, there are apparently many who have thought that Norwegians can simply straddle the fence and pretend that the conflict of interest between east and west will go on above our heads. Out of concern for political expedience, we have chosen to take a passive stance, although it should be clear to us that an attack by the Soviet Union will affect national interests and values that we ourselves should be the first to defend.

The primary question the West European NATO countries should ask themselves is whether it should continue to be taken for granted that the United States should bear the brunt of the load when it comes to defending Western Europe. The United States alone covers over 60 percent of NATO's defense costs.

When parliament's defense committee visited Washington last fall, the committee Chairman Per Hysing-Dahl touched on the question of sharing the defense burden at a meeting of the congressional defense committee. He

said, "We do not wish to take this vital contribution from an individual member nation for granted. We do not want to shirk the responsibility for our own security nor the burden of military defense. The European NATO countries must increase their efforts toward the common defense, since we are the ones who are primarily involved."

To a great extent, Norway has been favored by being on the receiving end of NATO cooperation. Now, however, the United States, the largest and most generous of our allies, has enormous problems itself and clear trends can be seen that a more severe economic climate for the American people will turn their defense priorities inward. American politicians find it reasonable for all NATO countries to seek a better balance in the joint defense effort. And more than ever in the history of the alliance the situation calls for constructive cooperation to meet the task.

Prime Minister Odvar Nordli, in his radio and television speech on New Year's Day, stated that we must make clear whether we have the capability and will to defend our own sovereignty. It is on this basis, he said, that we can do our part toward bringing the great powers to the negotiating table, thereby making use of the opportunity to replace the balance of terror with relaxation of tension and genuine disarmament.

Of course, this assurance from the prime minister is reassuring--as far as it goes. But if we are to follow the prime minister's view of defending Norwegian sovereignty to its logical conclusion, this assumes, among other things, that both the government and the Social Democratic Party should demonstrate greater resolve and a more steadfast position, both inwardly and outwardly, than was the case during the nuclear weapons affair last Christmas. Both information and leadership are needed in the face of unsure public opinion. To be sure, one must consider emotions, which are also a reality of political life, but it is tempting to quote parliamentary president Guttorm Hansen's words: "Emotions have their place, as long as they do not cause us to ignore reality."

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SALE OF F-5'S TO TURKEY, PORTUGAL CONSIDERED

Oslo AFTENPOSTEN in Norwegian 12 Jan 80 p 19

[Article by Coco Guhnfeldt]

[Text] The Defense Department has not yet decided what will be done with Norway's Northrop F-5 fighter planes that will be left over as the air force receives the new F-16 planes. With the defense leadership, the possibility has been discussed of transferring part of the F-5 planes to Turkey and Portugal.

Because of economic difficulties, both of these countries have asked the NATO countries for help in maintaining their military preparedness. However, chief of staff at defense headquarters, Lt Gen Sven Hauge, emphasizes to AFTENPOSTEN that there are no plans at present for handing over any material.

It seems certain, however, that some of the F-5 planes will remain in this country and form one or more squadrons. These planes will probably be used primarily in training and for other special tasks. How many will be kept in this country is not known.

However, Lt Gen Hauge points out that about half the nearly 100 F-5 Freedom Fighters in this country are so-called M.A.P. material, delivered by the United States in accordance with an agreement on arms aid.

"For this reason, these planes will first be transferred back to the United States where a decision will be made concerning the final fate of the planes," says Hauge. "Otherwise, during the course of the year work will begin on a report to parliament that will draw up guidelines for defense conversion during the upcoming replacement period."

The first F-16 fighter will be delivered officially to Norway from the American factory on 25 January. According to plans, all 72 F-16 planes the air force will receive are to be delivered before 1984. Then, most of the air force's F-5 fighters will probably be put out of use.

A number of countries including Norway have already given economic support to Turkey but that country has also expressed interest in surplus military material from its allies. Norway has previously delivered surplus material to Turkey in the form of planes--one time during the fifties.

Assistant Secretary Erik Senstad tells NTB that within NATO there would normally be no political obstacles in the way of such a transfer. But it is the Norwegian authorities who will make the final decision in this question.

COUNTRY SECTION

NORWAY

DIVIDED NKP CENTRAL COMMITTEE SUPPORTS SOVIET LINE IN AFGHANISTAN

Oslo AFTENPOSTEN in Norwegian 15 Jan 80 p 5

[Article by Terje Svabø]

[Text] The Norwegian Communist Party yesterday supported party chairman Gunnar Knutsen's positive stance in regard to the Soviet invasion of Afghanistan. The motion was adopted 8 to 5 in the party's Central Committee, but it is clear that the minority will continue to oppose what has now become the party's official view. At a press conference yesterday the party leaders consistently referred to the invasion as "Soviet help" to Afghanistan. The minority demands respect and understanding for its view.

Although Martin Gunnar Knutsen obtained a majority for his view in the Central Committee, there was, according to what we have learned, considerable criticism of the way party organs handled the Soviet invasion. Members of the Central Committee's majority also supported this criticism. It is now up to the party's National Council if the matter will be taken up again, but Martin Gunnar Knutsen indicated that it will only come up as a report.

The motion stated that the platform of the Norwegian Communist Party is opposed to one country's interfering in another's affairs. That was the basis of the party's handling of the affair. The Central Committee held that it was established that military support from the Soviet Union was given at the behest of the legal Government of Afghanistan and in conformity with the mutual assistance treaty between the two countries.

In addition, the Central Committee held that it was established that guerrilla forces have entered Afghanistan from Pakistan, forces trained and equipped by specialists from Pakistan, China and USA. A victory of these forces would, according to the Norwegian Communist Party, lead the country back to a medieval, feudal regime.

It was stated at the press conference that Pakistan is establishing bases in the areas bordering Afghanistan in the form of so-called refugee camps.

The party chairman referred, among other things, to the discussions which he had had with leading politicians in Moscow, to support his view that what is involved here is assistance from the Soviets. He jokingly said that during these discussions he sat in the same chair as Reiulf Steen had during his visit a couple of weeks earlier.

In addition to the party chairman, vice chairman Hans I. Kleven and the editor of *FRIHETEN*, Arne Jørgensen, participated in the press conference. All three emphasized that the minority in the Central Committee did not have any special support in the organization. As a result of the talks which they had had with members of the National Council, the three came to the conclusion that the minority could not expect any support in the rest of the party.

The resolutions of both the majority and the minority will be sent out to all party organizations, but the statement of the minority was not made public at the press conference yesterday. There are, however, grounds to believe that the debate concerning the position of the Norwegian Communist Party on Afghanistan will be carried on in the party paper, *FRIHETEN*. The reasons for not making the minority statement available to the press is that the party outwardly stands wholly behind the resolution of the majority.

Martin Gunnar Knutsen commented on the handling of the matter in the Central Committee by stating that no heads rolled as many outside the party apparently expected. He made it clear that there will be no persecution of any kind of those people who support the minority position. "We are a democratic party," the party chairman said, "with room for diversity."

He said in addition that only a "very tiny part" of the communist movement in the world opposes the invasion of Afghanistan. As far as he knew, only four communist parties: the Danish, Swedish, Italian and Spanish.

The party leader considered only briefly *AFTENPOSTEN'S* question as to whether the Moscow line now alone prevails in the Norwegian Communist Party.

"I consider than an insult. I am a Norwegian communist," Hans I. Kleven said.

Martin Gunnar Knutsen could not either confirm nor deny if any key people in the party wished to leave.

"Deserters are unfortunately something all parties have experienced at all times," was his comment.

6893
CSO: 3100

COUNTRY SECTION

NORWAY

INTERNAL DISUNITY WITHIN NKP INCREASING AFTER AFGHAN INVASION

Oslo AFTENPOSTEN in Norwegian 16 Jan 80 p 3

[Article by Einar Kr. Holt and Terje Svabø]

[Text] The internal struggle in the Norwegian Communist Party in regard to the Central Committee's endorsement of the Soviet invasion of Afghanistan will intensify as the national council's March meeting approaches. Leading officials are now seriously wondering if they can remain members of the Norwegian Communist Party. Chairman Martin Gunnar Knutsen insists that he enjoys complete support in the National Council for his position. That is denied by the Chairman of Troms Norwegian Communist Party, Harald Reppegård. He says that more than the Central Committee's minority should now evaluate their position in the party.

In an interview with AFTENPOSTEN Reppegård emphasizes that he will remain a member of the Norwegian Communist Party but he must decide if he can continue as district chairman. He says the debate as the party's national council's March meeting and the district organization's annual meeting a month earlier approaches will decide the question. He adds that he feels that others besides the minority on the central committee must decide if they can continue to hold their positions. According to what AFTENPOSTEN understands, party Chairman Martin Gunnar Knutsen is also involved, but Reppegård doesn't want to confirm this.

According to what we have learned, Marit Landsem Berntsen, who is a member of the central committee, is now weighing if she will remain in the Norwegian Communist Party. It is clear in any case that she is expected to leave the central committee. Both Landsem Berntsen and Reppegård maintain that resolution to support the Soviet invasion of Afghanistan is a clear violation of the principles of the Norwegian Communist Party.

Reppegård informs AFTENPOSTEN that the majority's view is now the party's official position, and it should be respected. He reserves the right, however, to continue internal discussion and considers it self-evident that the matter will come up at the meeting of the national council of the

Norwegian Communist Party in March. Reppesgaard says that it is up to the party's central leadership to live up to their statement that the party has room for diversity. He is of the opinion, however, that this has not always been so in the past.

Reppesgaard emphasizes that it is impossible for himself personally to defend the invasion, and he expects an increasing segment of the party members to support the minority view. He expresses it this way, "We who support the minority position are not passive members. We are not among those who sit on the sofa and say, 'yah amen' to everything which comes from Moscow. The best elements in the party oppose the invasion. The Soviet Union will get along fine without the help of the Norwegian Communist Party in Afghanistan," Reppesgaard maintains.

He emphasizes strongly that the minority demands respect and understanding for its view, and it will not accept threats concerning exclusion and other similiar measures. He does not believe that the fight in regard to the Soviets' invasion of Afghanistan will affect the close ties of the Norwegian Communist Party with Moscow.

Martin Gunnar Knutsen maintains that actually the pro-Soviet line in the Central Committee should have resulted in a 9 to 4 vote, if an alternate had not been there. The result was, however, 8 to 5 in favor of the chairman's view regarding the invasion of Afghanistan.

"In regard to the National Council's view, a questionnaire has been sent to all members except one, who is on a visit to Cuba, "Martin Gunnar Knutsen informs us." The questionnaire show as a matter of fact that all members of the national council support my position", Knutsen says.

In reply to a question from AFTENPOSTEN concerning what he plans to do in regard to a civil action against DAGBLADET, Martin Gunnar Knutsen answered, "I have read DAGBLADET'S regrets, and I am not satisfied. DAGBLADET should unequivocally have retracted its accusations of last Saturday that I boxed some one's ears. DAGBLADET can do nothing but retract its accusations. They are actually completely false," Knutsen says. "I want to look closer at how DAGBLADET'S regrets are formulated before I finally decide whether to withdraw my suit for injuries." Knutsen also intends to demand that Finn Gustavsen retracts accusations similar to those in DAGBLADET last Saturday.

"DAGBLADET Regrets" is the title of an editorial last Thursday, from which it is apparent that Marit Landsem Berntsen of the Central Committee of the Norwegian Communist Party does not want to confirm the disputed version of last Saturday. "We regret we made the assertion about Martin Gunnar Knutsen," is how DAGBLADET'S last comment reads.

"What happens after the Central Committee's consideration of the Soviet matter?"

"It is not the Norwegian Communist Party which is making a lot of this. It is almost everyone else. Our main problems are on a different internal level," Knutsen answers.

"Does that mean that the invasion is not regarded as significant by the Norwegian Communist Party?"

"It is not to be understood so. Of course, it is an important matter, for it involves judging intervention. We respect those who believe that the intervention is an aggressive act. We don't put ourselves on a pedestal and say 'we alone are pure white.' We have exactly the same view of the intervention as before the meeting of the Central Committee", Martin Gunnar Knutsen says.

6893

CSO: 3108

COUNTRY SECTION

NORWAY

NKP REACTION PREDICTABLE THOUGH OPPOSITION UNUSUALLY OUTSPOKEN

Oslo AFTENPOSTEN in Norwegian 16 Jan 80 p 2

[Text] The Russian invasion of Afghanistan was on the agenda of two quite different forums last Monday evening: the General Assembly of the United Nations and the Central Committee of the Norwegian Communist Party. The meeting in the UN had a surprising outcome to the extent that a nearly united world condemned the invasion. On the other hand, the Norwegian Communist Party rarely offers surprises. When the Kremlin's interests are directly involved, the party's official position is stated with great care. Heads are nodded vigorously, accompanied by a strong and clear, "yes, obviously."

It is quite clear that no invasion is involved. It is a matter of helping a neighbor, and it is far from being a military operation. It is an act in the service of peace. The Norwegian communist chairman, Martin Gunnar Knutsen, knows that. He has actually been to Moscow and made inquiries. While most of the rest of the world was considering how to react to the occupying power, Knutsen sat with his spiritual friends and got the real story. Then he came home and got a majority in the Central Committee for the view which had already been made known, among other ways, by an authoritative article in PRIHETEN.

When the Norwegian Communist Party comes out with a position diametrically opposed to that prevailing among the Norwegian people, it cannot be attributed merely to different evaluations of the situation. The point is that words and concepts have a different connotation for communists than for most other people. Even expressions such as "peace" and "help" have different meanings dependent upon what at any time seems to serve communist purposes.

We have not suggested that the party's resolution was drawn up anywhere else but at the Grönland base and clearly not in any other country than Norway. But after noting the views which have been expressed by the Norwegian Communist Party over the years, we are amazed that the chairman regards it as an insult to be characterized as a "believer in Moscow." We would have thought he would have regarded that as a compliment. Actually, it is a

fact that the Norwegian Communist Party is in a very good position in the West European scene in regard to the first-mentioned designation.

But opposition is also blooming within that party. There are on the Central Committee actually five members--out of 13-- who disassociate themselves from the Soviet invasion. And that is quite a few for a unitary party. But inner tensions which the Norwegian Communist Party has been experiencing for a long time are involved here. Distrust is directed not least against the manner of the top leaders in managing the party. The new feature is that the opposition has become remarkably more outspoken. Now TV appearances are preferred to a comradely making-up behind closed doors. The question of the day appears to be whether the Afghanistan resolution will result in a split or only in name calling. It is indeed a difficult question of definition for a party which on the whole fluctuates between zero and half a percent in the opinion surveys.

6893
CSO: 3108

COUNTRY SECTION

NORWAY

NKP'S KNUTSEN: MIXED FEELINGS ABOUT SOVIET MOVE AGAINST SAKHAROV

Oslo AFTENPOSTEN in Norwegian 24 Jan 80 p 8

[Text] "In regard to the banning of the Sakharov couple, I am in principle deeply divided. I regard it as an unhealthy over-reaction. It will be capitalized on to the utmost in the service of the cold war for anticomunist and anti-Soviet agitation. It should have been avoided," Martin Gunnar Knutsen, chairman of the Norwegian Communist Party, informs the Norwegian Press Bureau.

"But mixing Andrej Sakharov's political ploy with the Afghanistan matter and the question of boycotting the Moscow Olympics conflicts with the position of the Norwegian Communist Party as well as my own. I regard it as quite natural that the Soviet Union reacted in one way or the other."

Martin Gunnar Knutsen adds that a couple of newspapers have attributed to him positions which are not in harmony with those he has in the Sakharov case.

6893
CSO: 3108

VASCO LOURENCO DEFENDS ROLE OF COUNCIL OF REVOLUTION

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Jan 80 p 3

[Article by Vasco Lourenco, member of the Council of the Revolution: "The Council of the Revolution"]

[Text] As I witness the persistent, unjustified and virulent attacks to which the Council of the Revolution is being subjected, I confess that I am not surprised at them. They were more than predictable and are only the continuation of a whole strategy being followed by the forces overthrown on 25 April 1974 that have been attempting everything, since that glorious date, to prevent consolidation of a full democracy, whose gates April opened up and I am sure that the Portuguese people will not let them be closed.

In looking at those attacks, in observing that the Council of the Revolution is pointed out as the cause of all the troubles afflicting Portugal, it is with some bitterness that I recall the last few years of our history. Bitterness, but not disillusion and much less despair.

I recall the situation existing in our country before 25 April: fascist dictatorship that for 48 years had muzzled a whole people whom it did not permit to practice the most elementary individual freedoms; fascist dictatorship for which practice of human rights was a dead letter in its daily operations; fascist dictatorship that lead Portugal into an almost total isolation from the international community; fascist dictatorship that led the Portuguese people to the last place in Europe; colonial-fascist dictatorship that involved a whole people in a colonial war that the people already had been hating and condemning for a long time. In this context, it would be interesting to make a thorough study of the active and passive reaction and its evolution in time that the Portuguese people practiced with regard to the colonial war to which they were subjected by the colonial-fascist dictatorship. Certainly, the results would show us how loud was the "NO" said by the Portuguese people to that unjust, useless war. I also believe that it is interesting to recall, at the present time, the practice of persons in authority -- normal, moreover, in those persons -- and of their support basis: while the war was

forced on all the people, they did everything possible to free themselves from it, either by avoiding being selected for military service (every device used, both false medical examinations and even self-declarations of homosexuality), or by obtaining specializations known to be exempt from mobilization or, if unavoidable, that made it possible to serve in so-called air-conditioning, and so on, and so on. As a result, as the public knows only too well, it is true that the very few sons of influential families who fought in the war were merely the exception needed to confirm the rule.

This was the situation that the Armed Forces Movement overturned on 25 April with the natural adherence of all the people who were longing, in their slavery, for freedom and social justice.

During the conspiracy, members of the MFA [Armed Forces Movement] discussed several times whether, once the regime had been overthrown, a military regime should be set up, although temporarily, or whether a course of openness should be followed that would enable the Portuguese people to choose their own destiny. There was no record of any military coup, in the traditional manner like the one that occurred on 25 April 1974, that did not give rise to a military dictatorship, although always full of the greatest variety of promises of future democratization, when the people became ready for it! Moreover, that succeeded in giving rise to mistrust in many political observers when, after 25 April, we stated that we wanted to return government authority rapidly to its legitimate owner -- the Portuguese people -- and not to retain it indefinitely. But, everywhere in the world, that was what the military stated whenever they carried out coups like the one that we had just consummated.

We were simply determined to attempt something more sublime. We had learned, especially in the colonial war, that government authority must belong to the people and that the military must be an integral part of the people and not, therefore, use their weapons to impose any solution on the people, but rather to enable them to make a completely free choice. And we were firmly ready to fight to put our decision in effect concretely.

If we review the almost 6 years that have passed, we shall have to agree that this objective did not begin to be attained easily. Not even 2 months had gone by when an attempt to usurp total power occurred, with the aggravating circumstance that the president of the Republic himself was its main author. Several other attempts were made subsequently, not always coming from the same sectors. Why review this, if its history, which is recent, is certainly alive in our minds? Or, at least, it should be.

After the various difficulties that arose during 1974 and 1975 had been overcome, approval of the Constitution of the Republic was achieved. No one can deny that it represents the will of the majority of the Portuguese people freely expressed. Moreover, that majority was overwhelming, because the Constitution was approved by over 93 percent of the deputies.

The representatives of the Portuguese people agreed to include in the Constitution itself the time of its effectiveness and the conditions under which it could be revised. These same representatives of the people agreed to provide for the existence of an organ of sovereignty directly representing the MFA and to assign to it missions that they regarded as being essential and necessary, so that democracy might be consolidated and be full, when the period of effectiveness of the Constitution itself ended, a period that was designated as a "transition" period. Thus, the deputies displayed their trust in the movement that had overthrown the fascist regime and that was doing everything possible to fulfill the promises made at that time. The fact that the initiative for those principles came precisely from the various political parties and not from the military is indeed important. It is with some degree of pride that I, as a participant in the talks leading to the commitment made and inserted in the Constitution, can state that there was complete freedom in those discussions and unanimity in agreement to the above-mentioned commitment. This unanimity was confirmed, moreover, when all the deputies in the Constituent Assembly approved the chapters of the Constitution containing that same commitment.

If the activity of the organ of sovereignty -- the Council of the Revolution -- during its mandate is analyzed, many criticisms of it can actually be made, although they come from the most different and most opposite sectors. As one of its members, I confess that I also criticize it much. I believe, however, that there is an accusation that no one can make of it: the accusation that it is not striving hard for the consolidation of democracy in Portugal, so that, at the end of the transition period, the groundwork can be laid for implanting it deeply.

It is a fact that the April military want and are struggling more than anyone to make a real democracy take concrete form, for all the April ideals to take concrete form. In that democracy, the Armed Forces can be merely a national institution in the service of all their people. They will have to be incorporated, therefore, in the constitutional system and they cannot demand any privileged situation for themselves. They will have to serve the nation and not the governments, but they will actually have to obey the governments, insofar as they represent the nation legitimately and legally and remain and act in legality. That objective, which it is desired to obtain securely, cannot serve, however, for attacks on the present institutionalization of government authority in Portugal and on subversion of the democratic rules. Attainment of democracy is underway and democratic practice requires, first of all, respect for and complete compliance with the country's fundamental law, the Constitution of the Republic. The present Constitution contains in it the existence of a transition period and the principles peculiar to that period, the least important of which certainly are not the existence of the Council of the Revolution and the relative independence of the Armed Forces with regard to the governments.

Then, why accuse, day after day and in the greatest variety of ways, the Council of the Revolution for the simple fact that it exists and continues

to try to carry out its constitutional missions? Why raise the phantasm that the Council of the Revolution intends to continue beyond its own constitutional period? What unmentionable interests and designs can be behind the great variety of calumny, intrigues, lies and treachery being propagated every day through the great variety of means available to those who are proceeding in that way?

Anyone who is afraid should rest easy, because the April military will do everything possible to contribute substantially to the consolidation of democracy in Portugal and to make the Portuguese people owner and master of their own destiny. They have already given countless proof of this. Only in that way will they feel fulfilled and can look with pride and pleasure at the job that they started and have helped consolidate. Only in that way can they say "mission accomplished."

Moreover, this would be a more than sufficient objective to justify not slacking off in the struggle for its consolidation. Therefore, the democratic military, the April military, are remaining and will remain, both the ones who are on the Council of the Revolution and those who are stationed all over the country, in the struggle for the ideals that the people accepted in April and embraced as their own.

Therefore, also, attacks will continue! But those who are defending freedom and democracy will constantly be better aware of the source of those attacks and what they are attempting.

It is time for us Portuguese not to let ourselves be deceived any more with demagogic positions, in which specific intentions are stated but that serve only as a perfidious camouflage for the real designs of those who take them and that their own opportunist practice is careful to denounce at every step.

Our conviction is still intact: April will be fulfilled.

10,042
CSO: 3101

SOUTHERN MILITARY REGION COMMANDER CRITICIZES AMNESTY LAW

Lisbon EXPRESSO in Portuguese 26 Jan 80 p 2

[Text] Brigadier General Ricardo Durao, who took over this week as commander of the Southern Military Region, criticized the Amnesty Law severely, because it "does not eliminate moral violations of dignity."

In his speech on taking command, Ricardo Durao also addressed himself against "the military affected by the totalitarian attempt, fortunately prevented on 25 November," and he believed that "the conciliatory appetite leading to passing a sponge over the recent past is unfair."

Ricardo Durao, who was arrested at the time of the 11 March coup attempt, also said that "the Army must continue to regard the attacks to which it has been subjected as very serious because it is not being attacked by the people but, rather, by the leaders of destruction." He added that "armies must be the moral framework of nations for which the military institution is only the material expression of the people's will to be free and sovereign." With regard to the period after 25 April, the new commander of the Southern Military Region accused certain military men, "having come out of anonymity, of having betrayed the commitments made originally." According to Ricardo Durao, "in claiming to impose concepts, those members of the military disguised themselves as pseudorevolutionaries and under cover of the cowardice and incompetence of the highest command echelons at that time, they displayed their deficient military training, their lowness of character, corruption, sense of importance and militarism."

Ricardo Durao replaced BGEN Trinidad Lima who is going to serve as deputy superintendent of the Military Academy.

10,042
CSO: 3101

THIRD QUARTER UNEMPLOYMENT FIGURES UP

Madrid EL PAIS in Spanish 27 Nov 79 p 53

[Text] Spain's unemployment tended to show notable upward movement during the third quarter of 1979, interrupting a trend toward stability seen in the first months, according to data collected in a survey of the working population performed by the National Statistics Institute (NSI). Between July and September, the number of unemployed persons went up 91,200 to a total of 1.219 million workers unemployed nationwide. The total working population, however, for the first time in the last 12 months, showed a slight increase of 81,000 persons.

The figures from NSI, obtained in a survey of the working population, are generally slightly higher than the ones from the Labor Ministry based on the numbers of workers registered as unemployed in the various unemployment offices. However, in recent months the versions have become more similar. The NSI study is based on the census of working people carried out in 1975, which has been slated for updating for some months by various administration offices which are directly involved with the issue. The NSI figures were developed in keeping with international norms of the International Labor Organization for calculating unemployment.

According to figures from the Labor Ministry, of the total number of unemployed only half are heads of families. Also, the Health and Social Security department indicates that the number of persons receiving unemployment benefits went up markedly during the first 6 months of 1979. Between January and June a total of 516,409 workers became eligible for aid, compared with 444,927 for the last 6 months of 1978. During this period, the average sum received by unemployed persons went up from 17,880 to 22,850 pesetas, according to the same source. This increase, they added, is essentially the result of incorporation of new recipients with higher amounts of benefits. These figures show that only 45 percent of the unemployed are receiving aid and that the average amount received is barely above the minimum interprofessional salary.

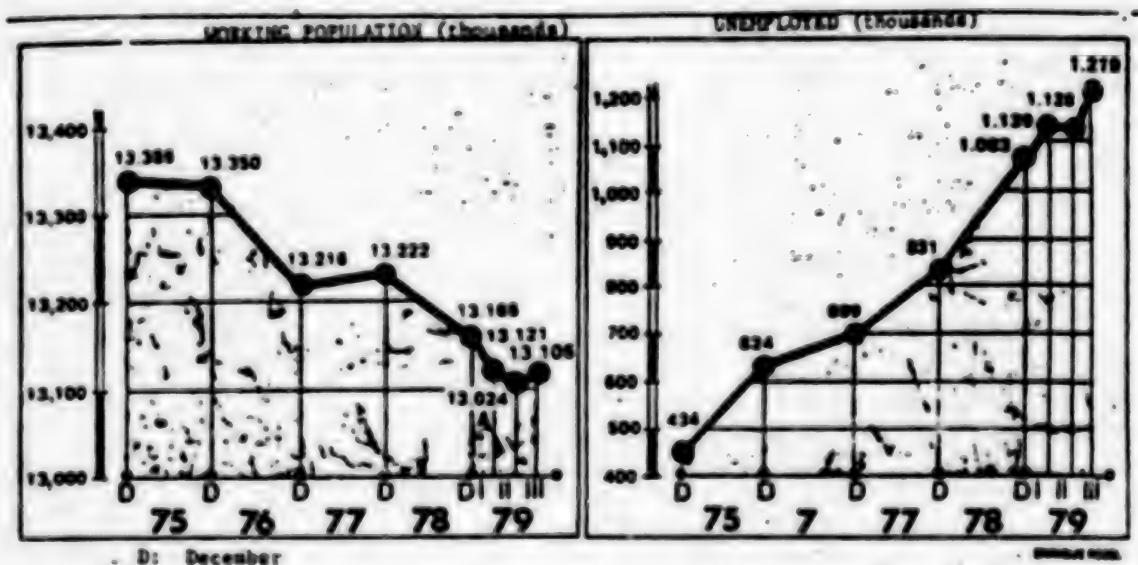
The main goal of Spain's economics authorities is now to develop a qualitative analysis of the unemployment figures. To this end the interministerial

committee set up to deal with the matter has already instructed branch offices of the administration to collect statistics for each unemployment office breaking down type of worker, family situation, technical training and other facts about unemployed workers who are enrolled, in order to generate valid information for use in planning future action regarding unemployment.

WORKING AND UNEMPLOYED POPULATIONS

1978 and 1979

Working population	13,234,000	13,165,600	13,024,000	13,105,100
Employed population	12,120,600	11,970,700	11,802,300	11,786,500
Employed marginally	186,600	110,600	93,800	99,400
Unemployed	927,500	1,083,300	1,128,000	1,219,200
Agriculture	86,700	101,600	100,200	90,300
Industry	138,400	167,300	184,600	189,400
Construction	191,300	202,300	222,500	237,300
Services	158,400	194,200	202,600	217,600
Seeking first job	352,700	417,900	418,000	484,700



11,989
CSO: 3110

'MUNDO OBRERO ANALYZES NATIONAL UNEMPLOYMENT PROBLEM**Year-End Unemployment Figures**

Madrid MUNDO OBRERO in Spanish 26 Dec 79 p 11

[Text] By the end of this year the actual number of unemployed may exceed 1,500,000 although the official figures cite only 1,250,000; this means that one out of 10 employable Spaniards are out of work. A quarter of a million unemployed, more or less--according to some sources--does not diminish by one iota the gravity of an economically disastrous, socially unjust and humanly depressing situation. MUNDO OBRERO has drawn up an extensive report on the current unemployment situation, its causes, consequences and possible alternatives, which we will be publishing on successive days. M. O.

With a working population of some 13 million people, the official employment figures already show 9.5 percent taking into account only the 1,250,000 the government cites and not the more than 1,500,000 that trade union headquarters report. In the third quarter of the current year alone the number of unemployed increased by 91,200 persons and in the fourth quarter now ending it can be foreseen that it will have continued to rise.

The Majority Do Not Receive Unemployment Insurance Benefits

The gravity of the problem is obvious. But there is more to it: Barely 45 percent of the unemployed receive unemployment insurance benefits and then only one-half of the latter which is scarcely more than the minimum interprofessional wages. The others do not get even that. The others can "live on air," as one of them told MUNDO OBRERO. A "living on air" that involves many more people than those included in the unemployment statistics. Thus, according to a study presented to the government by the Ministry of Economic Affairs itself, one out of every four unemployed is head of a family which also means that the individuals depending on him suffer from the same situation.

There are sectors and social groups in the over-all situation on which the current crisis has a greater impact. Seventy-two percent of the actual rise in the unemployment figures for the third quarter of this year is attributable to the larger number of individuals seeking their first job. In addition, the highest unemployment rate involves the working population having a mid-level education or one below that of advanced studies. The largest unemployment increase by economic sectors concerns the "unclassifiable" group (66,000 people in the third quarter of 1979), construction and services.

Young People and Women Are the Most Affected

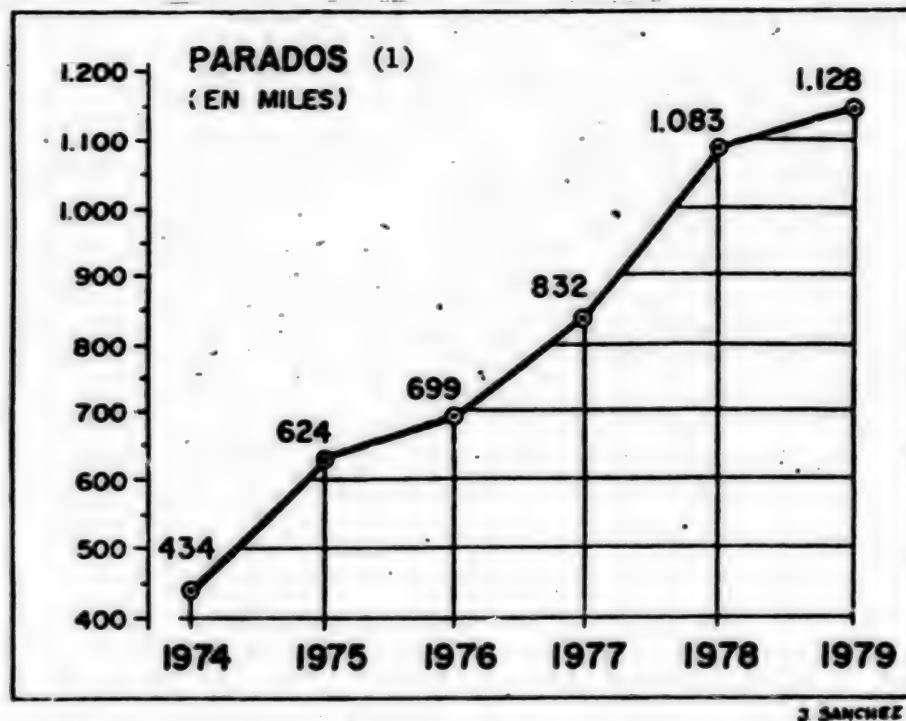
Two social groups where unemployment has a particular incidence are young people and women. We have here a typical characteristic of all of the crisis situations that are arising. In this connection, it must be noted as a significant fact that in the fourth quarter of 1978, 9.7 percent of working women were unemployed whereas the unemployment rate for men was 7.6 percent. Young people under 25 years of age represented 60 percent of total unemployment, a percentage that among women rose to 80 percent.

However, the gravity of the situation implied by the cold statistics is actually being heightened in real terms for those who have to live through or endure this situation. Little more than a month ago a worker committed suicide in Cadiz because he who was unable to get a day's wages to take home to his family could not bear their hunger and desperation. Thefts and raids on property are growing. The social situation is deteriorating. The Madrid City Council a short time ago issued a call to fill slightly over 100 jobs at the Francisco Franco Medical Facility; over 15,000 applications were submitted. The same thing happened at the RTVE [Spanish Radio and Television]. An advertisement in a newspaper, no matter what the job is, brings forth a real "army of reserves" to parade before an employer. Even departures abroad hardly occur now. The crisis has also reached Germany, France, Belgium: Europe's superdeveloped countries do not want any emigrants now; more than that they are promulgating laws to throw them out.

Another Case

In a typical queue to see the list of those authorized to take some competitive examinations, a worker commented: "I came back after emigrating 3 years ago; it wasn't until a few months ago that I found work. My son completed his Professional Training course in June and now he is out looking for competitive job tests that are becoming more remote every day. My wife has no access to anything other than that of a household helper. My son-in-law has come to live with us: He is 25 years old and over a year ago the enterprise let him go because of the crisis; his unemployment benefits run out within a few months and he can find no work. His story is not an isolated case; it is that of a high percentage of those 1,500,000 unemployed constantly on the increase to whom nothing is left but desperation.

Are there any solutions? Are there alternatives? Possibly no complete solutions; but there are partial solutions. Another matter is for the government to take a genuine interest in finding them and applying them; its economic planning does not amount to much. The responsibility falls on the headquarters of the trade unions--a responsibility they have taken on, especially the Workers Commissions--for reporting on the situation and for suggesting alternatives. It is also up to the leftist opposition groups. Nor can the town councils do much of anything: They have neither the means nor the capacity to do anything, they can only palliate a few situations to a degree and only temporarily. So there remains just the government that can and should do it. We will talk about all that in the report.



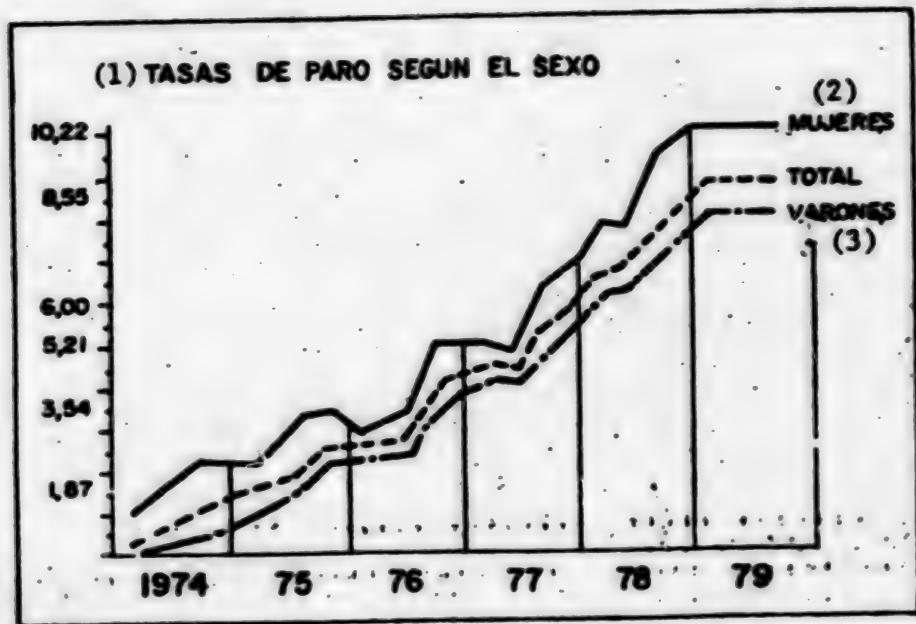
(I)
PARADOS
(en miles)

1974: 434. 1975: 624. 1976: 699. 1977: 832. 1978: 1.083. 1979: 1.128.
(*) II TRIMESTRE 1978. (2)
FUENTE: INE-EPA (3)

J. SANCHEZ

Key:

1. Unemployed in thousands
2. Second quarter of 1979
3. Source: INE-EPA



Key:

1. Unemployment Rates by Sex
2. Women
3. Men



Key:

1. Unemployment Rate by Provinces (second quarter)

Unemployment by Sectors (Second Quarter 1979)

Paro por sectores (II trimestre 1979) (1)

	(2)	(3)	(4)
	% PARADOS EN EL SECTOR	NUMERO DE PARADOS	% SOBRE PARO TOTAL
AGRICULTURA (5)	4.31	100.200	8.88
INDUSTRIA (6)	5.61	184.800	16.37
CONSTRUCCION (7)	13.61	222.600	19.73
SERVICIOS (8)	3.92	202.800	17.96

From: INE-EPA

Source: INE-EPA

Key:

1. Unemployment by Sectors (Second Quarter 1979)
2. Percentage of Unemployed in Sector
3. Number of Unemployed
4. Percentage of Total Unemployment
5. Agriculture
6. Industry
7. Construction
8. Services

Reasons for Unemployment

Madrid MUNDO OBRERO in Spanish 27 Dec 79 p 11

[Article by Aroca: "Why Is There Unemployment?"]

[Text] It was a year ago that the director general of the Institute of Social Studies, Juan Antonio Sagardoy Bengoechea, wrote a clever article seeking to prove that the figures on unemployment were far lower than people thought. At that time, December of last year, there was talk of a million unemployed; "impossible," the government said--and our intelligent director and the man who drafted the Workers Statute--"our country cannot stand that figure." What is certain is that officially the story of those little figures is being repeated, we have about 1,500,000 unemployed and the country is enduring it, those who do not stand up under it are the ones who themselves have to put up with being unemployed.

Unemployment is increasing every day at the rate of 1,000 workers, that is a fact. Why is there unemployment? Why is unemployment rising? The extreme Right's media, chorused by a large proportion of the so-called "civilized" Right, persist in saying that unemployment is being caused by the ordinary Spaniards' lack of a sense of responsibility. It is, they say, a consequence of the confusion and lack of order in our country.

What is certain is that they, those who today are shouting about the lack of "security" for investing, were the ones to bring about a situation from which regrettably they do not suffer on a daily basis. Much can be said about the causes of unemployment, all of it connected with the policies followed in the past, policies that are inappropriate at the present time.

Structural Causes

One could mention many causes for the unemployment, but a few points should be underscored.

1. The failure to adopt stern measures with respect to saving from the time of the petroleum crisis. There was a delay of roughly 4 years, from the end of 1973 to the middle of 1977, in adopting a policy of reorganizing the Spanish economy. These 4 years were the ones that led to heavy inflation, virtual bankruptcy in foreign trade and growing unemployment. The logical conclusion is that when it became necessary in 1977 to adopt a few measures, they had to be far more drastic than those that would have been taken in 1974.

Nearly all economists point out that if proper measures had been taken in 1974, our economy would have grown in 1978.

Emigration as an Escape Valve

2. For many years, between 1956 and 1974, our country had to endure a high unemployment rate; the only difference from the one we now have is that Franco became an outstanding exporter of the unemployed. Three million Spaniards found themselves forced to leave their homeland between 1961 and 1976 and go off to work abroad, most of the time taking along only a cardboard suitcase. Those who comment that under Franco's regime there was no unemployment conveniently forget that for the Spanish unemployed going abroad was the only way out. Germany, France, Switzerland, Belgium and England became "asylums" for Spanish unemployment.

The drop in emigration figures from 1973 on coincided with a heavy upsurge in our country's internal unemployment. In 4 years, from 1973 to 1977, unemployment rose from 2.70 percent to 7.8 percent of the working population.

Furthermore, beginning in 1973, people returning from abroad began to exceed those leaving, we became receivers of the jobless whom we had previously exported. Aside from being easily available manpower for European

enterprises, the Spanish emigrants provided Spanish employers with escape valves capable of controlling labor discontent: "Let the one who is not happy at my plant go to Germany," was the slogan reiterated by all Spanish employers to workers demanding to be treated with a modicum of respect.

Facts in hand, it can be affirmed that between 1955 and 1975 the process of creating new jobs was very limited and generated significant numbers of emigrants.

Destruction of the Rural Areas

3. The third factor contributing to the existence of a high unemployment rate was the sizable though brief drop, from the time standpoint, in the agrarian working population which fell from 41 percent of the working population in 1960 to only 20 percent at the present time. Between 1960 and 1979 about 6 million people found themselves forced to abandon the fields and go to the big cities seeking work in industry.

This abrupt change, which cannot be compared with developments in any European country, provoked a forced departure from the rural areas that is still going on at a rate of some 100,000 a year. Even in a year favorable to agricultural production, such as 1978, some 80,000 people abandoned the countryside.

The causes must be sought in the neglect to which the rural areas are being subjected both as regards income and with respect to collective equipment. For want of rational planning, which should not only modernize agriculture but should also serve to bring about a different distribution modifying land ownership, the Spanish rural areas are paying a high price in unemployment.

Breakdown of the Labor Market

4. The absence of serious research on manpower requirements has produced a severe breakdown of the labor market. Unemployment among Spanish university professors is thus very high while technological needs are poorly covered. Contempt for rationalizing needs and possibilities has brought about a real aberration in the sphere of our country's education: Our country, badly deficient in matters of technology, keeps a large number of engineers, doctors and university graduates unemployed.

Economic squandering not only in the nonprofitability of education, but also in education itself. The state's budgets are paying for an education that often does not meet the needs we have. Program inadequacies, unemployment, lack of research, are the other side of the coin with which Spain pays thousands of millions in "royalties" for the use of foreign technology.

Destroying Public Enterprises

5. Curiously, while people were concerned with developing public enterprises throughout Europe, in our country they were devoting themselves to dismantling the few that existed. The low level of the public sector (25 percent of GNP) is made manifest in the fact that the goods and public services offered are few and of poor quality. Had there been a strong public sector with more management capability, absorption of the unemployed would have been much larger than it now is.

In our view those five are the elements that have caused the existence of high unemployment rates.

Possible solutions to the problem, an aspect I am not going into since it is the subject of another study to be published in our report on unemployment must take into account the causes, but above all the inhuman situation in which some 2,000,000 workers find themselves every day. Every single day.

Evolution of Spanish Emigration (1961-1977)

	(1) Salidas	(2) Returns	(3) Saldo emigratorio
1961	115	8	107
1962	142	46	96
1963	134	52	82
1964	183	113	80
1965	181	121	60
1966	142	143	-1
1967	60	85	25
1968	86	68	18
1969	112	43	69
1970	105	48	55
1971	121	50	71
1972	118	70	40
1973	101	110	-9
1974	55	140	-85
1975	24	70	-46
1976	16	70	-54
1977	12	60	-48

(Source:
ICR)

Key:

1. Departures
2. Returns
3. Actual emigration

Provincial Capitals

Madrid MUNDO OBRERO in Spanish 28 Dec 79 p 10

[Excerpts] The incidence of unemployment in the [provincial] capitals and large population centers takes on special significance because of the difficulties that exist for survival in the large and medium-sized urban centers. The city devours the unemployed, gradually chewing up their flesh and their morale. In the meantime, thousands upon thousands of those forced into unemployment see the spectacle of a consumer society that excludes them and increasingly wants to have nothing to do with them.

El paro⁽¹⁾ en las capitales españolas

(Estos datos reflejan el paro en relación a capitales de provincia.)

Capital	Paro registered	Población active	% Paro
	(3)	(4)	(5)
Albacete	4.162	68.842	6.0
Almería	7.476	99.000	7.5
Almería	6.404	54.652	11.3
Ávila	1.874	23.954	7.8
Badajoz	4.823	65.705	10.1
Barcelona (1)	153.310	1.711.500	9.0
Bilbao (1)	29.100	443.000	6.6
Burgos	8.872	69.000	9.0
Cáceres	2.783	35.225	7.8
Cádiz	4.041	63.310	11.2
Castellón	3.258	62.522	5.2
Córdoba	1.895	17.000	8.0
Crociado Real	5.140	33.717	15.3
Cuadonga	10.307	84.218	12.4
Cuenca	6.207	94.010	6.6
Cuera	1.205	20.500	5.9
Cuera	1.172	72.983	1.5
Granada	10.110	112.344	10.0
Guadalajara	2.933	26.654	10.0
Huelva	11.188	51.657	21.7
Huesca	660	24.911	2.7
Jerez	2.950	37.260	10.5
Lérida	5.629	81.552	6.8
Lérida	2.314	78.942	2.9
Logroño	1.298	51.467	2.5
Lugo	1.815	48.529	2.7
Madrid (1)	170.000	1.644.000	9.8
Málaga	30.100	144.784	20.3
Melilla	820	15.097	5.4
Murcia (2)	11.050	151.372	12.6
Orense	3.973	50.831	7.7
Oviedo (3)	5.568	67.981	8.2
Palencia	2.334	39.011	7.8
Palma Mallorca	13.655	129.481	10.5
Palmas (Llo)	9.730	107.785	9.0
Pamplona	7.748	77.885	10.4
Pontevedra	817	52.110	1.5
Salamanca	3.323	56.981	5.8
San Sebastián	10.220	81.748	12.3
Santa C. Tenerife	4.632	67.826	7.0
Santander	4.681	55.163	9.3
Segovia	1.867	39.629	6.7
Sevilla	30.650	180.629	15.2
Soria	785	31.109	2.3
Taragona	4.839	48.817	10.3
Teruel	295	18.250	1.6
Toledo	3.788	44.784	8.6
Valencia	33.420	342.737	9.8
Vitoria	4.075	70.941	6.1
Valladolid	10.482	104.333	10.2
Zamora	2.953	58.583	5.1
Zaragoza	15.330	218.457	7.3

(1) Por su carácter industrial, datos muestran total provincial.

(2)

(2) Incluye Cartagena. (7)

(3) Sin Cádiz ni la Cuenca Minera. (8)

Estos datos son de carácter oficial, por lo que solo reflejan el paro registrado, no el real, pues éste es más elevado. (9)

Key:

1. Unemployment in Spain's capitals.
2. These recent figures refer only to provincial capitals.
3. Registered unemployment.
4. Working population.
5. Percentage of unemployment.
6. Because of its industrial character, we entered the provincial total.
7. Including Cartagena.
8. Excluding both Gijon and Cuenca Minera.
9. These figures are of an official nature in that they cover only registered unemployment, not actual unemployment the figures for which are larger.

Rural Unemployment

Madrid MUNDO OBRERO in Spanish 29 Dec 79 p 12

[Text] Agricultural unemployment, the figures show, amounts to somewhat less than 10 percent of total unemployment, far behind other sectors such as construction or industry. The unemployment rate for the total working population is about 4 percent, also very low if we compare it with 5.61 for industry and 19.61 percent for construction. But unemployment in the countryside nevertheless goes on being one of the harshest, most unbearable and most inadmissible realities of the current Spanish economic situation.

Various factors contribute to depicting the truth in a very different way from the one in which the statistics do it: In the first place, the relatively low unemployment rate calculated in relation to the working population (4.30 percent in the second quarter of 1979, as we indicated in the first installment of this series) becomes an alarming 13.7 percent when we take into account not the sector's working population but rather the wage-earning population. The agrarian sector then becomes the one with the highest rate of unemployment after construction with over 13 percent of the agricultural workers unemployed.

In the second place, the agricultural workers who still do not receive any unemployment benefits are at the mercy of funds for community use arbitrarily distributed in proportion to the sector's representational capacity or political jobs--i.e., electoral and other campaigns.

On the other hand, agricultural unemployment is found to be heavily concentrated in specific areas with very particular structural characteristics: Andalusia and Extremadura have a concentration of over 83 percent of sectorial unemployment; over 62 percent of unemployed agricultural workers are Andalusians. In Extremadura nearly 50 percent of the unemployed are agricultural workers.

Finally, the magnitude and persistence of the rural exodus (100,000 is the estimated number of agricultural workers who in the next few years will continue to leave the countryside, many of them to swell the army of the unemployed in the cities) makes even more pressing the implementation of a policy that not only keeps the population in the countryside but also develops the capacity to generate employment which the agrarian sector has, based on better utilization and planning and industrialization of production in situ.

An actually high rate, the nonexistence of unemployment insurance, concentration in the areas of the country's large landowners and the impossibility of seeking out other jobs--construction, the hotel business..., the traditional recourse for the long months of inactivity in the rural areas, despite the figures, thus make agrarian unemployment one of the most urgent economic and social problems at the present time.

It would seem that the government still does not realize this.

Distribution of Agricultural Unemployment by Regions

Andalucía Occidental.....	33.05
Andalucía Oriental.....	29.32
Aragón.....	0.18
Asturias.....	0.12
Baleares.....	-
Canarias.....	0.68
Castilla-La León.....	1.82
Castillo-La Mancha.....	8.86
Cataluña.....	0.79
Extremadura.....	21.02
Galicia.....	1.67
Levante.....	0.42
Madrid	0.22
Murcia.....	0.558
País Vasco	1.36
Rioja.....	0.03
Santander.....	0.08
TOTAL	100.00

Source: ICE

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SPANISH INVESTMENTS IN SOUTH AMERICA REPORTED

Madrid ACTUALIDAD ECONOMICA in Spanish 19-25 Jan 80 pp 23-25

[Article by Juan Astorqui: "Foreign Market--Latin America Replaces Europe"]

[Text] The figures are there: In the 15 years from 1964 to 1978 Spanish investments in Latin America absorbed 48 percent of direct Spanish capital investments abroad. But the statistics are more significant if they are limited to the last 3 years given that in 1977 such investments represented more than 65 percent, in 1978 nearly 68 percent, and in 1979, even though the final results are not yet known, the General Directorate of Foreign Trade estimates that they will exceed 75 percent. The director general of the latter, Enrique Puig, reported in this connection at the Third International Iberian-American Conference organized by the Banca Mas Sarda that during the first 6 months the share of Spanish investment in Latin America was close to 75 percent.

In terms of sectors it is the tertiary services sector which leads with some 45 percent followed by industrial manufacturing activities accounting for 40 percent whereas the primary [agricultural and mining] sector--15 percent--ranked last.

Enrique Puig considers that "there is a preponderance of investments that could be qualified as support investments in the sense that they are targeted either for the supply of raw materials which the Spanish economy lacks or the establishment and maintenance of product marketing and distribution networks." In the last few years a significant movement in financial investments and specifically in banking investments, primarily designed to support Spanish exporters, has also grown.

Who Invests?

Contrary to what may be thought, Spanish investments in South America are made for account of small- and medium-sized firms. The large enterprises, perhaps because of the rigidifying trend from which they suffer, do not appear to have placed much hope in that market.

For Enrique Puig the reason for this is that "the small- and medium-sized firm has a natural tendency to coinvestment, a term coined in Latin America itself. By way of definition this type of enterprise prefers, for structural, financing, and even management reasons, to become associated with local interests because it seeks in them support and a complement that it could not find by itself."

American laws, specifically those passed by the Andean countries, clearly favor the establishment of small- and medium-sized firms. The Andean Pact, aware and fearful of the power of the large multinational corporations, has kept to date a set of laws in the field of investments that are highly protectionist and favor the establishment of mixed enterprises, which checks investment by the large concerns.

Latin America "versus" the EEC

The intensification of trade with Latin America evidenced in the last few years has occurred at the expense of Spain's trade with the Europe of the Nine. Whereas in 1969 57.3 percent of Spanish exports were shipped to Europe, 10 years later that share was down to 37 percent.

Beginning in the 1960's, Latin America revealed itself as one of the most attractive markets for Spain, which also coincided at one point with the fact that the common foreign tariff of the European Economic Community made the entry of products to the EEC market difficult. It is thus possible to conclude that the large scope of Spain's relations with Latin America stems from a need imposed by the EEC itself. To this one has to add the protectionist policy that both the EEC and the British market leveled at Spanish agricultural products.

But what started with high hopes ended up disappointingly in the early 1970's. For 6 years the level of exports to the other side of the Atlantic suffered a significant interruption as a result of a restructuring of groups of exportable products in which industrial items took the lead leaving agricultural commodities behind. At the same time those responsible for Spain's commercial policy in those years felt it necessary to provide a fresh incentive to Spanish exports to the EEC. At present and while Spain is negotiating its entry into the EEC and seeks a market in Latin America to which it is tied for obvious reasons, the suitors from that area appear everywhere. In the face of this situation the Spanish position is divided in two: That of those who hold that Spain must be the "bridge" between the EEC and South America and that of others, such as Manuel Prado y Colom de Carvajal, president of the Iberian-American Cooperation Center, who considers that "Spain is not and does not deem itself to be a bridge between areas with which it feels identified. Spain is and feels itself deeply Western and is disposed to assume the rights and obligations that becloud it as a member of the community of values and aspirations. But Spain, in addition to considering itself bound to Europe, feels and experiences its American involvement in thorough and basic fashion."

However, feelings are one thing and commercial interests another on one side as well as the other. Manuel Prado y Colon de Carvajal recognized during the Third International Iberian-American Conference that "the process of Latin America's economic and social development necessarily goes through a policy of diversification of its inputs, increasing sales and restating relations with economic centers in a different form while Latin American countries find themselves obliged to overcome destabilizing effects. Also, the growth of Latin America necessitates diversification and the opening of new markets."

The entry of Spain and Portugal into the European Economic Community can be vital for that policy of market diversification needed by South America. In the same way, for the EEC the inclusion of Spain and Portugal is also important because, despite the fact that the member-states of the EEC have already clearly reached the Latin American markets, the possibility of their definitive penetration depends in large part on the inclusion of Spain and Portugal.

Mexico: Predisposition to Growth

The major asset of the most northerly country of Latin America is rooted in its natural resources. Only 7 percent of Mexico's soil is unproductive. Its mineral resources--basically hydrocarbons--have contributed essentially to the economic and social transformations which Mexico has been experiencing in the last few years. General economic policy has also been affected by this natural wealth. One has to seek its general characteristics in a system of supports which ranges from subsidies for the sale of goods and services of state enterprises to the low tax rates on capital gains and profits. Mexico's development model is thus characterized by capital-intensive investments.

But the model itself generated, in turn, important problems of a fiscal nature which obliged the Mexican administration to incur large foreign debts, problems which led to a crisis in 1976.

Now, according to Agustin Legorreta, president of the National Bank of Mexico, "the economic crisis has already been met. In 1977 and 1978 we achieved economic consolidation and the computations anticipated for the year which has just closed suggest a rise of 7 percent in the GNP [Gross National Product]. The volume of industrial production will increase by 10 percent and all of this will help the settling down and economic maturity of Mexico. In the decade of the 1980's we anticipate growth of between 8 and 10 percent in the GNP with a rate of inflation of some 10 or 12 percent and an increase in the rate of demand for employment of between 4 and 5 percent."

Mexico admits that the technological development needed calls for investments larger than those that it can generate. For Legorreta, under these conditions "the country is particularly interested in foreign investment connected with technology."

Mexico, furthermore, has to reorient its industrial development not only to satisfy the needs of its domestic market but also those of its foreign trade, striving so that the goods it produces may be competitive on the international market. Legorreta also stressed foreign investment: "Here, again, the presence of foreign investment can be significant," he noted.

Spanish Capital in Central America

Economic and commercial relations between Spain and the countries which have recently called themselves the Central American Common Market—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua—witnessed great expansion in the decade that has just ended. In the past 10 years trade between Spain and this group of countries has increased by a factor of nine, rising from 1,538.7 million Spanish pesetas to 13,277.6 million pesetas, figures that relate to aggregate exports and imports. In the first year of the decade Spanish imports totaled 546.1 million pesetas while the figures of the General Customs Directorate for 1979 indicate 6,417 million pesetas. Spanish exports to said countries increased from 992.6 million pesetas to 6,859.7 million pesetas.

Agricultural production represents the mainstay of the Central American economies followed, even though with a considerable lag, by the cattle-raising sector. Imports focus above all on groups of semi-finished components, fertilizers, cement, textiles, paper, chemicals, and metallurgical products. In these fields and in the inflow of capital Spain, according to a report published by the Banco de Bilbao [bank], "has broad penetration in the region. The movement of capital and technology is enhanced by the natural predisposition evidenced by Latin America in the past few years."

Andean Pact: Mixed Enterprises

The five member-states of the Andean Pact—Bolivia, Colombia, Ecuador, Peru, and Venezuela—have as their common goals, according to Articles 1 and 2 of the Cartagena Agreement, "to promote the balanced and harmonious development of the member-countries, to accelerate their growth through economic integration, to facilitate their participation in the integration process provided for in the Treaty of Montevideo, and to establish conditions favoring the transformation of LAFTA [Latin American Free Trade Association] into a common market." Thus, then, the economic paths of these five countries, following the departure of Chile, have a common destiny.

But despite this desire for "balanced development" which inspires the Andean Pact, foreign capital has been highly selective. During the final meeting of the Agreement Board of Cartagena estimates were made regarding foreign capital invested in the five member-states and the conclusion was reached that out of U.S. \$8 billion invested Bolivia accounted for \$120 million; Colombia, for \$1,200 million; Ecuador, for \$880 million; Peru, for \$2,000 million; and Venezuela, for \$3,600 million.

Commercial relations between Spain and the Andean Pact could not be an exception either, and in the past 7 years trade between the Andean Pact and Spain has tripled, rising from exports figured at U.S. \$83.2 million in 1972 to \$345.6 million in 1979. Imports came to U.S. \$104.6 million and \$216 million, respectively. During the period included in this computation the balance of payments between the two sides has always been favorable to Spain.

During 1978, following the meeting of the Joint Spanish-Andean Committee and the visit of the Spanish King, the relations entered a period of stability whose result could be found in the past fiscal year. Only the shadow of the revision of specific contracts, signed under the administration of Carlos Andres Perez in Venezuela, by his successor, [President] Luis Herrera Campins, has managed to undermine in some way the relations which Spain has maintained with these five countries.

Evolution of Trade Between Spain and the
Central American Common Market
(in millions of Spanish pesetas)

	<u>1971</u>	<u>1974</u>	<u>1977</u>	<u>1978</u>	<u>1979*</u>
<u>Exports</u>	992.6	1,735.5	6,534.2	6,859.7	3,391.2
Costa Rica	382.9	687.9	1,286.4	2,291.5	1,937.2
El Salvador	85.1	290.8	771.3	858.7	434.7
Guatemala	357.9	424.2	1,098.2	1,042.7	577.1
Honduras	72.6	110.3	333.1	463.1	224.1
Nicaragua	94.1	222.2	3,053.1	2,204.7	218.1
<u>Imports</u>	546.1	2,070.6	3,109.8	6,417.9	1,600.2
Costa Rica	43.3	142.3	89.0	28.2	255.2
El Salvador	1.4	140.6	738.8	4,524.9	189.4
Guatemala	346.4	764.4	956.8	811.9	632.5
Honduras	116.4	428.1	637.8	654.5	402.0
Nicaragua	38.5	595.3	687.4	398.4	121.1
Coverage (percent)	181.8	83.8	210.1	106.8	121.0

Source: General Customs Directorate.

*January-July 1979.

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ENERGY CONSUMPTION FORECAST FOR 1980, INCREASE IN COAL USE

Madrid EL PAIS in Spanish 5 Dec 79 p 47

[Text] The National Fuels Commission announced yesterday, at a meeting held at the Ministry of Industry and Energy, its 1980 program for electrical energy consumption, which calls for placing energy dependence on oil on the agenda of the International Energy Agency, increasing consumption of coal as much as 26 percent and maintaining the present level of use of nuclear power.

The commission, which includes representatives from the ministries of Transport and Communication, Commerce and Tourism, Defense, Treasury and Industry, also studied the international energy situation and estimated that Spain will have to import 50.9 million tons of crude in 1980, compared with the 51.2 million imported this year.

However, these needs ultimately will depend on the price and production level set by policies of the oil producing nations, especially OPEC, which could lead to a slight undersupply on the market. Also, Spain's demand will depend on hydraulic power supplies in 1980, on plans for economic growth, on uncontracted supplies and on the impact of the drive for conservation and against waste.

Notwithstanding these factors, the National Fuels Commission developed plans for energy consumption broken down by type of fuel as follows. For oil products, net domestic consumption is shown in Table 1. Note that the increase in gasoline in 1980 will be less than in any of the past 6 years, which applies also to diesel fuel. Regarding fuel oil, it was estimated that 1980 will be normal with respect to hydraulic power, which means an additional consumption of 2.5 million tons.

Regarding natural gas, the plan calls for importation of the equivalent of 2 million tons of oil, which will represent a 30 percent increase over 1979. Important sections of the gas pipeline between Barcelona, Valencia and Irun are expected to begin service in 1980.

Coal consumption in 1980 will rise 26 percent over 1979, the largest increase in recent years. Table 2 shows the coal consumption planned. Lignite increases are based on plans for operation of the power plant at Puentes de Garcia Rodriguez at full capacity throughout the year.

Uranium supplies will be covered 42 percent from domestic sources, with the remainder coming from Canada. Enrichment of the uranium will be handled through contracts between ENUSA [National Uranium Enterprise] and the United States, as is the case with fabrication needs, except as pertain to the Vandelllos plant, to be supplied by France.

Table 1

	Thousands of tons	Growth over 1979
Gasoline	5,766	0.9
Aviation fuel	1,316	6.3
Diesel	10,775	0.9
Fuel oil (non-hydraulic year)	21,301	11.9

Table 2

Quality	Thousands of tons	Growth over 1979
Soft Coal	12,360	5.6
Anthracite	2,775	1.0
Lignite	15,650	58.0

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GOVERNMENT ANNOUNCES ENERGY SAVING MEASURES, INVESTMENTS

Madrid ABC in Spanish 9 Jan 80 p 33

[Text] Vice President Abril Martorell and the industry and energy minister, Carlos Bustelo, both stated at a press conference that the effect on prices from oil price hikes is taking place in a fashion strictly in accord with plans for collecting income contained in the general government's budget, and that as a result the Treasury is not getting richer with the hikes but neither is it losing a cent. It was stated that it is not possible to raise the level of deficit in the budget. Mr Abril noted the wisdom of the plans made last July after price hikes at that time, and he said that the year-end total for funds which had to be diverted was under 2 billion pesetas.

He went on to say that no one can guess now what crude prices will be in 1980, but there is a fairly certain level to expect during the next 4 to 6 months. On the basis of this certain minimum an estimate of \$2750 per barrel has been made, which is lower than what public opinion expects and also lower than prices now figuring in contracts.

Also it was noted that any savings made should not be credited at that price, since savings make a difference with reference to marginal tons of oil, that is, the oil with would have had to be bought on the "spot" markets where the prices are much higher.

Effects on the Cost of Living

The government estimates that the effect of this new energy price rise on the cost of living index will be 2.5 points, although the total will not be in effect right away, but rather over the next 4 to 6 months.

The press conference also covered the topic of supplies, which, according to Mr Bustelo, could be affected by application of the force majeure clause in all the contracts. But in any case

the situation for 1980 is better than last year, in spite of certain doubts about Mexican shipments, and right now 41 million tons are contracted for of the 51 which Spain accepted as a ceiling before the International Energy Agency.

Rise in Electricity Costs

Mr Abril Martorell stated also that electricity costs will go up strictly in accord with fuel costs and that the price of Spanish gasoline is among Europe's highest, while diesel is in the lowest range.

The industry minister, after recounting the events leading up to the present situation with a 120 percent price rise in a year, said that we are still laboring under the weight of a system based on cheap energy and that the oil crisis took place 5 years before it was expected, which has called for accelerated efforts to adapt.

He added that the price structure is being developed rationally, without forgetting that certain consumer sectors need protection and the maintenance of indirect subsidies.

Along this line the share of municipalities in gas prices is being kept, and an additional subsidy is being established for agricultural use of fertilizers amounting to 3 billion pesetas until the industry can be reconstructed to use natural gas instead of naphtha.

Also a subsidy will go to users of household butane tanks amounting to 100 pesetas per unit, with a total cost of 13.5 billion pesetas. As an aid to the auto sector the tax on repair parts is being reduced to 10 percent of the original price and there will no longer be a tax on tenancy and use of autos, with local governments receiving compensation for the loss.

Fuel Surcharges

However, Mr Bustelo noted, there will be a surcharge of 1,000 pesetas per ton on fuel used by power stations and in the near future by cement factories. The intention here is to assure that Spanish or imported coal and other energy sources which are preferable on a national scale will not have problems breaking into the market because of an anomalous internal price structure.

Specific Actions

Next the industry minister cited specific actions planned:

Intensified and more rapid development of the overall energy savings plan, which must reduce consumption by 1.5 million tons of fuel per year, through an investment of 25 billion pesetas over 3 years. During 1980 the government will assure a line of official credit which will permit an investment of 10 billion pesetas for the fiscal year.

Promotion of self-generated electricity through a royal decree-law establishing relations between the supplying firm and the firm developing its own power, with the aim of developing not less than 260 MW of power within 4 years.

The overall energy conservation plan and the self-generation of electricity will be complemented with specific action in sectors which require special treatment because of their level of power consumption.

In the cement sector, an investment of 20 billion pesetas over 2 years will save 1.7 million tons of fuel per year. This program has 70 percent government financing.

In the electricity generation sector, before 1984 about 5,600 MW of power will come from coal-burning plants to be built and placed on line with a saving of almost 8 million tons of oil.

The units to be built (power plants at La Robla, Guardo, Algeciras, Compostilla, Anillares, Narcea, Soto de Ribera, Teruel, Meirama, Cordoba, Almeria and Abono) are part of the plan for work to be completed by 1985, except that, in order to hasten savings, the public and private electrical companies will contract with equipment building firms for their principal orders in such a way that all equipment will be ordered before the end of February.

Regarding the naval sector, an agreement has been reached between shipfitters and dockyards for rebuilding the power plants of the main units of the Spanish fleet. An investment of about 20 billion pesetas over 3 years will allow for a saving of 300,000 tons of oil per year. This project will receive assistance according to the same system as new naval construction.

Coal policy: the government has approved continuing assistance toward financing coal reserves so that production will not be impeded by a temporary drop in demand.

Nuclear energy: the government has urged the Ministry of Industry and Energy to give highest priority to developing programs to build and set in operation nuclear power centers so that the nuclear sector of the national energy plan is fulfilled completely. The minister announced approval of two plants, Vandellós II and Sayago, as soon as approval is given to the Nuclear Safety Council.

Adoption of measures to assure that investment in oil exploration will double in 1980 compared to 1979. Plans for the following year are three times the present investment in this area.

Subsidies for Solar Energy

New forms of energy: The government has decided it is necessary to aid introduction of these methods into the purely commercial field through the following measures:

During 1980, the Ministry of Industry and Energy will give a subsidy of 5,000 pesetas to each square meter of solar panels installed in homes.

Also, market studies indicate clearly the need for the public sector to promote installation of solar panels with the necessary guarantees, and with this aim and as a continuation of the program recommended 2 years ago by the National Industry Institute, approval has been given for the formation of a company which will make and sell solar panels. This company will make the necessary arrangements with installers so the consumer can acquire this energy source more easily.

Lastly there will be an attempt to reorder drastically the activities of the public sector in the oil field. There is a specific program on this point under study by the government which represents a restructuring for the sake of efficiency in the operations of the public sector with regard to oil, especially exploration and supply, along with the activities of the firm which administers the oil monopoly, as a prerequisite for any attempt to meet the norms of nations who are members of the European Economic Community.

Investment Plans

The minister said that these plans will require, in round numbers, an investment in 1980 in the energy field of almost 300 billion pesetas, of which 55 billion are in the coal sector, 97 billion in nuclear energy and almost 13 billion in hydraulic power sources.

Also the plans for action in various sectors to replace oil consumption by alternatives and the general program to conserve energy, with a budget of 23 billion pesetas, comprise investments which could be considered in general as making substitutes for oil consumption, amounting to a total of about 188 billion pesetas.

The greatest possible replacement of oil consumption, basically fuel oil, will require a change in the structure of the oil refining sector, which, along with oil exploration, will cost a total of about 28 billion pesetas.

The gas sector will require the investment of about 12 billion pesetas. Lastly programs in transporting and distributing energy, including rural electrification programs, will call for an investment of about 60 billion pesetas.

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AUTOMOBILE PRODUCTION FIGURES FOR 1979 SHOW DROP FROM 1978

Madrid ACTUALIDAD ECONOMICA in Spanish 19-25 Jan 80 p 35

[Article by F.G.M.: "Automobile Imports Faulted already"]

[Text] From January to November 1979 the production of private automobiles totaled 891,172 cars indicating a drop of 2.4 percent compared to the corresponding period of 1978. Domestic sales saw a decline of 2.2 percent since 12,138 fewer automobiles were sold in 1979 than in 1978. Only the export of cars saw a significant rise--of 8.1 percent--since about 27,000 more cars were shipped in 1979 than in 1978, a year when exports reached 334,369 cars.

The rise in the luxury tax--disproportionate and unfair from the viewpoint of producers--and the increase in the price of fuel are the two noteworthy evils which had the most impact on the Spanish automobile industry and especially its sales during 1979.

One should not forget either the liberalization of the automobile market which occurred early in April 1979 beginning with the automobile import quotas. During the 11 months mentioned imports in 1979 witnessed a rise of 66 percent compared to the earlier year. In 1978 they had totaled 11,712 automobiles while in 1979 they came to 19,442 cars with a value exceeding 8 billion Spanish pesetas. The greater part of imported vehicles represent the high-cylinder range--BMWs, Mercedes, Volvos--whose supply dropped on the domestic market with the exception of the only two domestic models produced with engines of 2,000 cubic centimeters--the Seat 132, which has a 2,000-cubic centimeter engine, and the Citroen CX, which has a 2,400-centimeter engine. In October 1979 alone 2,348 automobiles worth nearly 1 billion Spanish pesetas were imported into Spain, practically double the figure for October 1978.

In the face of the recession on the domestic market as a consequence of the reasons mentioned earlier, Spanish producers have raised their exports with the purpose of offsetting the drop in domestic sales, managing to maintain the export of private automobiles among peak Spanish export items. France, Italy, and Britain accounted for 32.4, 27.3, and 14.7 percent of

[Sale of Private Automobiles in 1978 and 1979]

<u>Make</u>	<u>Production</u>			<u>Domestic Sales</u>			<u>Exports</u>	
	<u>1979*</u>	<u>1978*</u>	<u>%</u>	<u>1979*</u>	<u>1978*</u>	<u>%</u>	<u>1979*</u>	<u>1978*</u>
Chrysler	72,843	88,894	-18.1	72,887	72,217	0.9	2,313	15,278
Citroen	100,274	97,402	3.0	70,048	71,412	-1.9	25,640	25,387
PASA**	240,141	216,991	10.7	167,165	160,658	4.1	67,836	50,642
Ford	211,969	244,146	-13.2	71,914	56,535	27.2	159,586	163,606
SEAT***	265,945	265,505	0.1	167,786	201,116	-16.6	105,946	79,456
Total	891,172	912,938	-2.4	549,800	561,938	-2.2	361,321	334,369
								8.1

Source: ANFAC [National Association of Automobile Manufacturers].

*January-November.

** [Automobile Manufacturing Plant, Inc.—Spain].

*** [Spanish Passenger Car Company, Inc.].

the total, respectively. The number of automobiles exported reached a value exceeding 70 billion Spanish pesetas. Despite the attaining of a considerable increase in aggregate export figures, not all producing firms enjoyed favorable sales in this field during the year. In the case of Chrysler the spectacular drop paralleled its cut in production figures. The other Spanish make which saw a drop in its exports was Ford, admittedly to a lesser extent--down 2.5 percent--though in this case the fall in the number of cars exported is explained by Ford's increase in its share placed for domestic sale, up 27 percent, which was the sharpest rise among all domestic manufacturers. In October 1979 alone 61,877 private automobiles were exported compared to imports worth 11,932 million pesetas, indicating an increase of 129.2 percent compared to the number of cars exported in October 1978.

It is necessary to take into account one factor which has enhanced this favorable situation in exports: The slowdown in production and the softness in demand [sic] in nearly all producing countries.

As regards domestic production, lately Chrysler and Ford are the only two Spanish producers which have shown drops: Chrysler, 18.1 percent, sliding from the nearly 89,000 cars in 1978 to 72,843 cars in 1979, while Ford dropped by 13.2 percent despite the fact that a Ford model, the Fiesta L, was the best selling automobile in 1979.

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CSO: 3110

BRIEFS

SHIPS FOR POLAND--Commerce and tourism minister Juan Antonio Garcia Diez will leave today for Warsaw to sign an important naval pact with Poland. This contract calls for building four ships with 21,000 tons capacity each, complete with containers, to be constructed by the Spanish Shipbuilding firm at Puerto Real (Cadiz). Each ship will be worth \$50 million, with the total value contracted therefore exceeding \$200 million (13 billion pesetas), which amounts to the largest ship sale Spain has made in recent years. These ships are the "roll on/ roll off" type and incorporate the latest advances in technology which until now had not been included in Spanish-made ships because of the great amount of sophistication involved. This order will occupy 35 percent of the Cadiz firm's activity during 1980 and 50 percent in 1981, which means that in the next 2 years there will be jobs for 2,000 persons. Spanish exports to Poland include metals 16 percent, inorganic chemical products 13 percent, machinery and equipment 13 percent, citrus fruits 10 percent and hides 16 percent. Imports are mainly coal and other minerals (75 percent of the total), but other areas are gaining in importance, such as machinery and equipment (5 percent), organic chemical products (3 percent), electrical motors and equipment (3 percent) and ethyl alcohol and vodka (2.4 percent). [Text] [Madrid ABC in Spanish 30 Nov 79 p 37] 11989

1979 OIL BILL--In 1979 Spain's oil import total will be 336,254,000 barrels, at a cost of slightly over \$6.231 billion, according to current data from the government's delegate committee on economic affairs. In 1980 Spain will need to import about 51 million tons of crude, the cost of which will go up to \$11.607 billion, a figure based on approximately a 20 percent rise over present prices. [Text] [Madrid ABC in Spanish 2 Dec 79 p 37] 11989

SYSTEM OF MILITARY MATERIEL ACQUISITION QUESTIONED

Paris DEFENSE NATIONALE in French . . . 79 pp 142-143

[Article by Claude Monier]

[Text] The solid tranquility of Switzerland has been somewhat shaken by a stormy, impassioned debate.

The revelations--which were made public--of the shortcomings of the Swiss Pz 68* tank served to unleash a lively preelection campaign (legislative elections of September 1979), one of the major themes being the questioning anew of the army materiel acquisition system. Considerable periods of time and financial commitment will no doubt be necessary to give that tank an operational capability more in conformity with its specifications. These revelations made a particular impression on that segment of public opinion that is traditionally concerned over every anxiety.

The agency responsible for the acquisition of materiel is the Armament Group (GDA), which is directly under the chief of the DMP**and whose personnel consists of civilians. Its establishment was decided on in 1964, following difficulties involved in the acquisition of the Mirage III's; it replaced the War Materiel Division that the Parliament had at that time considered to be too influenced by the military.

This time, it is the GDA that has been under attack despite major successes to its credit: anti-air artillery, individual weapons, etc. There is a dispute over its operation, and the influence of the civilians in it is deemed to be excessive, because certain operational needs of the army are said to have been somewhat underestimated.

*A turret that is too small, a defective undercarriage, etc.

**Federal Military Department (the Defense Ministry).

It appears that there is now a tendency toward a better balance between an "all-civilian" and an "all-military" personnel, and the handling of the choice of the future tank of the 1990's (whether Swiss or foreign) will be one of the first major operations of the new organization.

Actually, the basic question lies beyond the problems of structures, procedures and the choice of men. To cope with the very rapid development of armament technology and the increasing cost of series production, neutral countries in particular are faced with difficult choices. In effect, they must do the following: maintain their armed forces at the level of foreign armies; obtain materiel of a high technological level yet at the same time maintain a certain simplicity relative to the training of their reserve forces, on whom their defense depends; and achieve a short production series essentially covering the national needs, because the policy of neutrality considerably limits the possibilities for export sales or for bilateral or multilateral agreements on development.

These difficulties with regard to equipment do not, however, again call into question the value of a national defense which [in Switzerland] is dependent on a remarkable consensus between the army and the nation.

5346
CSO: 3100

NEW LEGISLATION WOULD BROADEN PRESIDENT'S POWERS

Istanbul TERCUMAN in Turkish 19 Jan 80 pp 1, 10

[Text] Ankara (TURKISH NEWS AGENCY) -- The bill envisaging amendment of certain articles of the constitution reportedly will be sent to the houses of parliament by the end of this month at the latest.

According to information obtained from authorities of the office of the prime minister, a committee chaired by Minister of State Ekrem Ceyhan has begun work on the changes to be made in articles of the constitution concerned with associations, the Turkish Radio and TV Administration and press and publishing organs, the universities, State Security Courts, extraordinary circumstances and the powers of the president.

Aygun: "Presidential Powers Must Be Broadened"

Answering a TURKISH NEWS AGENCY reporter's questions on the subject, Justice Party Deputy Group Chairman Ankara National Deputy Oguz Aygun indicated that the changes to be made in the constitution would facilitate resolution of the problems we are having and said:

"Amendment is especially necessary of articles 95, 96, 97, 98, 99, 100 and 101 of the constitution which set forth the duties and powers of the president. Making the head of state more visible through broadening his powers will be positive from the standpoint of the regime."

In a statement on the same subject, meanwhile, National Salvation Party Group spokesman Sener Battal, speaking of the need to amend certain articles of the constitution, said, "The legislature and the judiciary exist in the constitution as powers. But the executive is designated in the article as a duty, not a power. We wish it to be corrected as a power."

Pointing out that it was impossible to say anything before seeing the proposals the government would present, Battal said, "However, we cannot accept arrangements contrary to human rights which compromise the freedoms."

8349
CSO: 4907

'UNITED ACTION' CALLED STEP TOWARD UNITED FRONT

Istanbul AYDINLIK in Turkish 11 Jan 80 p 4

[Text] The spurious TKP [Turkish Communist Party] which some time ago issued a directive to the unions under its control to step up their "united action" activities with other unions, hopes in this manner to pursue their long-range objectives without alarming the circles with which they are entering into united action.

The counterfeit TKP leadership states that "united action" is a transitional phase for the "National Democratic Front" (UDC) which they are thinking of forming in the provinces and further says that "It is necessary to view the advantage to our party of the united action which has been initiated in various sectors as long-range, not just short-range. Contrary behavior would repel the more skittish circles. United action needs to be developed in a planned and programmed manner adjusted to the concrete situation of the united force which is to be organized and not limited to concrete questions which arise of themselves. There is much to be done particularly with regard to this point." (Discussion Regarding the Front Issue in the TKP Conference, URUN page 41).

The call for "united action in the struggle for collective bargaining" recently issued to unions affiliated with Turk-Is and to various independent unions by the unions under the control of the false TKP must be assessed in the light of directive's instructions to avoid frightening them and to disguise the long-range aims of the "united action."

UDC the Aim of United Action

At any rate, the TKP leadership put forth quite clearly the long-range objective of united action 2 years ago in writings and speeches. "United action" was assessed in the following manner in speeches made at the TKP conference under the heading "The Front Question."

"...the development of united action will gradually lead to the evolution of the National Democratic Front..."

"The united action of progressive forces will play an important role during the period in which the front is evolving." (The TKP Conference, URUN, p 41)

What the reference to the UDC means can be discerned from the fact that in connection with Russia's occupation of Afghanistan the formation of the UDC was proclaimed there.

How Did the United Action Efforts Begin?

At a conference held by the bogus TKP in 1977, the decision was taken to organize a front in Turkey by activating the UDC, and efforts were made to utilize the MESS [Metal Products Industrialist Union] strike in 1977 to this end. However, this undertaking ended in fiasco. No one gave credence to the UDC. In the same year, with their overturn in the leadership of DISK the TKP found itself severely isolated throughout Turkey.

The TKP saw in the fact that 1980 was a collective bargaining year an opportunity to break away from this isolation. In the fall of the preceding year it began to emphasize that in the struggle for collective bargaining contracts the unions needed to employ united action. It was noteworthy that in this "united action" campaign the false TKP attempted as much as possible to disguise the UDC objective and to make it appear that united action was restricted on the union level to the collective bargaining issue.

It appears that a number of Turk-Is and independent unions were influenced by this united-action campaign and took the decision to join in united action with the TKP-controlled unions. For example, the independent Otomobil-Is [Automobile Workers Union] took the decision to join in united action with the Maden-Is [Metalworkers Union] in the metalworking field and the Tez-Buro-Is [Office and Clerical Workers Union], which is associated with Turk-Is joined with the Bank-Sen [Bank Workers Union] in united action.

Moreover, it is noteworthy that by involving unions from different branches of industry in united action the TKP has been trying to generate a general strike atmosphere in Turkey for the immediate future.

It appears that the TKP judges united action to be a step toward the creation of the UDC and as an opportunity to acquire a certain political influence among the unions participating in this united action.

9353

CSO: 4907

NSP DEPUTY COMMENTS ON 'ECHELLE MOBILE' SYSTEM

Ankara YANKI in Turkish 31 Dec - 6 Jan 80 p 9

[Interview with NSP National Assembly Group spokesman Sener Battal: "Communism in the Citizen's Kitchen"]

[Text] NSP [National Salvation Party] National Assembly Group spokesman Sener Battal answers YANKI's questions:

Question: The rate of inflation is over 70 percent. Where does this put civil servants, workers and retirees?

Answer: Inflation at 70 percent-plus means economic upheaval in Turkish society. Confronted by this kind of increase in inflation, in the cost of living, communism has come to the kitchens of the low-income groups such as civil servants, workers and retirees, because communism and fascism are regimes of hopelessness. These groups are being pushed into hopelessness in Turkey. Parliament must be quick to find a remedy for these hardships. If it does not, hopelessness will be victorious, with terrible consequences. I am worried about this. These groups are in extreme circumstances.

Question: You have proposed an "echelle mobile" system. How would this be realized? Is there a chance of its being made into law?

Answer: The echelle mobile system is seen as a solution available to the capitalist economic structure which is practiced in Turkey. Certainly, it is not a complete solution. The ills of Turkey's economic structure, tax system and an economic structure with no assembly industry or exports all pile up on the low- and fixed-income groups. Therefore, the echelle mobile system is not a cure for all these ills, but it is a cure for the low- and fixed-income groups. We are in touch with all the political parties to have it made into law.

Question: What does your echelle mobile proposal contain?

Answer: I think that we want the average increase in the 50 basic commodities and in home rent to be reflected automatically in wages and salaries. So we say to the state, "Take control of the market, stop rising

prices." If it stops, what happens? The state makes no increases, it makes no bloated budgets, it draws up no inflationary budgets. What is happening now? It has an inflationary budget with a coefficient of 22. The fruit seller, the butcher and the green grocer regulate the free market coefficient accordingly.

Question: Can you not pressure the government for enactment of the proposal this session? Can you not quickly persuade the other parties?

Answer: This is a decision of principle. It is fair, it is a system which does not go out of date. If we adjust wages and salaries in accordance with it, the purchasing power of the low-income groups stays at a specific point. If we pay 3,000 liras this year for something that cost 1,000 liras last year, even if you have a 50 percent increase in the consumer's salary, it means that his purchasing power is reduced by half. Therefore, we are ready to talk and cooperate with everyone. We will explain this to the ruling party and to the opposition.

Question: Employers want a freeze on wages. Can a wage-price freeze be carried out, in your opinion?

Answer: A freeze on wages and prices would bring complications. For this reason, I do not think the employers will insist on it. But in a sense, the echelle mobile system is much more reasonable than wage-freeze demands. It keeps the purchasing power of the employers at a given point, too, as well as that of the workers they employ. This is why a wage freeze would ultimately be wrong. It would cause a lot of social unrest. As for a freeze on prices, it would fail because we cannot regulate the supply-demand mechanism when we put a freeze on prices by the hand of the state. A second point is that it would be a tacit encouragement of the black market. Even in England, which is screaming about 5 percent inflation, a wage-price freeze has not been applied. It brought the Labor Party down. In Turkey, which has an economic structure in which inflation spirals rapidly, it would be extremely difficult to go to a wage-price freeze. I do not think it is possible.

Question: The employers offer workers' wages as an important cause of high inflation, indeed link the two. What, in your opinion, is the cause of rising inflation?

Answer: The relation of workers' wages to cost in Turkey is not even twenty percent. It is higher in other countries. The capitalist economic structure in Turkey does not work according to modern inputs. Because taxes and interest can be set off against cost, the inflationary structure forms by itself. Stabilizing measures by the political administrations in Turkey are not sound. And when you add to this the reflection of rising inflation worldwide, you get a huge inflation figure. To offer workers' wages as the explanation of inflation, in my opinion, is an abuse of labor and social peace.

Question: Is it possible to control the rate of inflation in the short term? What has to be done to accomplish this?

Answer: There are some measures which have to be taken to control inflation in the short run. However, Turkey's tax system and externally-dependent economic structure must be improved quickly. The interest and credit system must be improved and market controls must be instituted. Supply and demand must be put in order to the extent of the law. After all these things, I would like to add this: Public consumer demand is too high. To say I am going to reduce this consumer demand with a bunch of tax laws is all wrong. The inflation in Turkey has its roots in unemployment. That is to say, there is inflation within recession. When inflation is high in other world nations, investments are halted. Yet, if you halt investments here, unemployment becomes a social disaster. Stopping investments for the purpose of preventing inflation is risky for Turkey.

Question: Are you implying that controlling the rate of inflation will be impossible?

Answer: No, it can be controlled.

Question: Then what must be done?

Answer: Taxes and credit interest must not be applied against costs. Advertising expenditure must not reflect on the product. That is, the product must be taken under control when it leaves the factory. Only in this way can inflation be stopped in its tracks. It is impossible to stop inflation with police measures.

8349

CSN: 4907

'AYDINLIK' POINTS OUT FACTIONALISM IN TKP

Istanbul AYDINLIK in Turkish 20 Jan 80 pp 1, 7

[Text] NEWS CENTER -- The existence has come to light of six groups within the Turkish Communist Party [TKP], which is headquartered in East Berlin and was founded by the Soviet Union through certain persons who fled Turkey in the early 1960's. ISCININ SESI, the publication of the "British Wing" of the TKP wrote that there are a number of groups within the TKP and that they are engaged in a murderous struggle with one another.

An article published in ISCININ SESI explained the situation in the TKP as follows:

"Another proof of how strongly they are influenced by bourgeois policy and of how deeply they are divided is their own internal relations. The Leninists are conducting an ideological war. So what is the opportunist-centrist fan, which calls this 'factionalism,' doing? With intrigue and a thousand and one different Byzantine plots, it is underhandedly organizing factions and conducting a faction war within itself."

The existence of the various factions is explained as follows in ISCININ SESI:

"The opportunist-centrist fan is divided into two basic groups, the opportunists and the centrists, but this is a very general distinction. Other than for ease of understanding, the placement of these two major arms against each other is actually very relative. (You see the part we call 'opportunist' acting revolutionary, being demagogic militants one day and the part we call 'centrist' advocating the most extreme opportunist view the next.) And these two basic arms are divided into various factions. In this 'front' is the Partisan faction of major representatives of demagogic militancy, elusive as the jelly fish. There is a centrist faction in this front headed by H. Erdal and rapidly diminishing. The most radical representative of opportunism in this front is the Ahmet Saydan faction. In this front, there is the 'old British team,' which is closest to the left and therefore the most dangerous as regards brainwashing by the militants, but is the weakest. (Their closeness to the left probably comes from their understanding of certain things in their ITIB [expansion unknown] training!)"

With the British Wing and the "Headquarters," headed by I. Bilen, in addition to these four groups explained in ISCININ SESI, the number of groups within the TKP is six. While "Headquarters" accuses the British Wing of cliquishness, the British Wing accuses Headquarters of "factionalism and liquidation." The following is said for the TKP Headquarters Wing in ISCININ SESI:

"The underhanded argument these 'illegal' factions are conducting, without clearly setting forth their theoretical views and the differences between them, is over factionalism, separation and liquidation. These factions are bringing strongarm tactics, duplicity and deceit to our party."

While the quarrel among the groups within the TKP's "Headquarters" wing is heating up on the one hand, it was learned that, on the other hand, the struggle between the British Wing and Headquarters is heating up even more. As is known, the differences between the TKP's Headquarters and British Wing came out around the middle of last year. Reverberations of this split reached Turkey, going so far as clashes in certain schools and in organizations under pro-TKP administration, such as the Progressive Youth Association and the Turkish Mine, Metal, Metal Works and Machine Industry Workers Union.

An important event within the TKP was the death last week of A. Saydam, a group head and second after I. Bilen. It was interesting that the death of A. Saydam, earlier proclaimed as an important name within the TKP whose membership on the Central Committee was announced, was received quietly in TKP circles.

8349
CGO: 4907

PRO-RPP WEEKLY URGES RPP PURGE OF EXTREME LEFTIST ELEMENTS

Ankara YANKI in Turkish 21-27 Jan 80 p 5

[Text] The view from within the RPP is not cheering, either for itself or for the nation.

Never mind the situation this great party is in throughout the nation, just looking at the state of its parliamentary groups is enough to cast you into gloom -- if you are among those who believe in the role the RPP can play for Turkish democracy.

The Topuz and Baykal groups have adopted a wait-and-see period lately, while the spectacular theatrics of the "left-wing" occupy public opinion. Although we welcome a good bit of this which we believe will bring dynamism to the RPP, it is impossible not to worry about another part exhibited now and then.

Today a weathervane group -- and they were all there before -- is making its presence known within the RPP. They do not get involved, they do not do anything; they just look at how the wind is blowing, try to guess how it will go in the future, and wait. Although they have held positions on the most influential organs of the RPP, Ecevit has given them jobs which even they could not have dreamed of just yesterday, and if they have not succeeded and ought to be trying to do something now to compensate for their past inadequacies or incompetence, they are not bothering. The lack of substance and incompetence of those in this group become a little more evident every day.

As for the left wing, it is not a very homogenous group. The differences between the more than 30 left-leaning RPP members are gradually becoming more pronounced. Look at those who do nothing but spout communist propaganda. They repeat verbatim the cliches touted by communists in other countries. They are echoed in the country's communist organizations and their publications. If the Communist Party were legalized in Turkey, they would probably leave the RPP immediately and take their places in this party. Then everything would be better. But for some reason, certain circles in Turkey -- who think they know everything better than anyone

else -- do not want to legalize the Communist Party, so the RPP cannot proceed with a purge. There are also those within the left wing who lean toward the existing extreme left-wing parties. And they probably think that there are enough groupings in society and plan to stay in the RPP until the 1981 elections draw near, then switch to one of those parties when the time comes. It is no good for those who are so far beyond the RPP's interpretation of the left to remain in the RPP, and neither is it possible to keep them in the RPP for long. What they are trying to do is use the RPP until some specific time they have in mind.

In our opinion, it is necessary to prevent this small group from remaining in the RPP any longer. Then it would be possible both to prevent exploitation of the party and to tighten up the RPP's view which is now very disorganized.

We believe that the large part of the left wing, and the Topuz and Baykal groups as well, can be kept in the RPP and that their differences can be toned down as conditions show positive developments. But we do not believe that any good will come to the RPP from the people we mentioned in the above paragraph.

An RPP failure to start tightening up without delay will drive party differences even deeper and could even lead to an important split in the future, a problem which could be resolved by removing a few people now. Moreover, RPP failure to regroup now will prevent it from playing the role it wants to play right now. A party comprised of undisciplined, unpredictable people cannot have much of an impact on administration.

8349

CSO: 4907

TOB-DER, DEV-YOL LED DEMONSTRATIONS DRAW REACTIONS

Ankara YANKI in Turkish 31 Dec-6 Jan 80 pp 8, 10

[Text] The young high school teacher was almost in tears. "They intimidated my best students. They made them leave class and build barricades at the entrance. We could do nothing but watch. You should have seen the parents worried about their children. You should have seen the parents of the ones taken in custody by the security forces," she said.

Last Monday, TOB-DER [Turkish Teachers' Unity and Solidarity Association] and DEV-YOL [Revolutionary Road] launched a nationwide demonstration, using the pretext of the anniversary of the Kahramanmaraş incidents. When thousands of students boycotted their classes despite the warnings of martial law authorities and the National Education Ministry, they were joined by tens of thousands of high school, middle school and even primary school students. Has challenging state authority now made its way even to the remotest sectors of society?

Tear gas was used in Ankara as martial law and police forces tried to break up resistance in about 10 high schools. Tanks were driven into the boycotters. At one place, some were even injured by tanks. When a group which opened fire with automatic rifles had their tactics turned on them, the group dispersed and many were caught. While 2,439 persons were taken into custody in Ankara, İstanbul martial law said, giving a round figure, "We arrested 1,000 people." Four people were killed in Ankara. In İstanbul, it was two. In Adana, martial law took more than 100 persons into custody. It was said that thousands of teachers had been suspended. After two days, the ministry saw the danger that this sort of rumor would create and last week announced that the boycott had been observed in 55 provinces, that of the 10,994 teachers who participated in the action, 1,711 whose investigations were completed had been suspended, that investigation of the others was in progress and that this figure did not include those taken into custody by martial law.

TOB-DER President Garioglu, whose loyalties are still not quite clear, sent out messages from the Mamak military prison where he is incarcerated saying that it was desirable that teachers be left unorganized and that

all proletarians should join the struggle together. Martial law, meanwhile, banned all teachers' associations, including TOB-DER. Voicing the resentment aroused throughout the country by this TOB-DER-led boycott, HURRIYET Editor-in-Chief Oktay Eksi expressed the opinion that "TOB-DER is one of the sources of discontent in this country." RPP General Chairman Ecevit also came out against the incidents and said, "To take remembrance of the Kahramanmaraş incidents as a pretext for incidents which will only cause new heartaches and to drag thousands of children and young people in into it is an act which cannot be condoned from any aspect." Nazli Ilicak of TERCUMAN, meanwhile, described TOB-DER as an "unruly mob." In response to the reactions throughout the nation and the closing of the association, TOB-DER's legal advisor said, "A seal cannot be put on our mouth," and announced that they would appeal to the Council of State, but the Council of State is not expected to reverse the martial law decision in this climate in Turkey with TOB-DER's guilt fully obvious to the public.

The government has chosen to remain silent in response to the incidents, which went farther than expected, and to let the military do the talking. But in the announcement made in the name of DEV-YOL on behalf of the illegal organization, it was stated that they had achieved their goal. Although the boycotts lasted only half a day, thousands of security personnel were forced into armed confrontation with the demonstrators. More than 50 booby-trapped posters put up in Istanbul were deactivated. But in one respect, the organizations, including not just TOB-DER and DEV-YOL, conducted a nationwide experiment in resistance against the state. And their behavior seems to be provoking the formation of a gradually-expanding front against them.

8349
CSO: 4907

GUN MANUFACTURING RING BROKEN

Istanbul HURRIYET in Turkish 16 Jan 80 pp 1, 8

[Text] Despite operations, raids and steady arrests of cell agents of illegal organizations, anarchy and terrorism are not being headed off. A total of 212 persons were taken into custody in connection with various incidents around the country yesterday and the day before, and 10 persons were jailed. In Kayseri, a cell of the Urgency faction of the Turkish Peoples Liberation Party-Front was captured, then a cell of the Revolutionary Road faction, and, in Istanbul, a ring was discovered in a lathe shop in Gaziosmanpasa which manufactures guns and switches barrels on guns used in various incidents of anarchy.

The gun-manufacturing ring in Gaziosmanpasa was uncovered by Public Security Branch squads and five ring members were arrested. In a search of the shop, 10 pistols and 2 Mausers were seized.

The newly formed "Lightening Teams" under the Public Security Branch of the Istanbul Security Directorate, acting, under the direction of Ugur Gur, on a tip received the day before, raided the lathe shop belonging to Sait Ata which is located on Zumrut Street in the Yenimahalle neighborhood of Gaziosmanpasa. In the raid conducted by teams wearing bullet-proof vests and carrying Thompson guns, 10 pistols were found from which the serial numbers had been erased and which were ready to get new barrels.

8349
CSO: 4907

COUNTRY SECTION

TURKEY

STUDY REVEALS MANY HAVE NEVER READ NEWSPAPER

Istanbul CUMHURIYET in Turkish 13 Jan 80 p 5

[Text] According to the results of a study of selected occupational groups made by the Population Studies Institute of Hacettepe University entitled "Family Structure and Population questions," an average of 52.6 percent of women in Turkey and 19.9 percent of men have never read a newspaper in their lives. According to the same study, the percentage of those who have not read a newspaper is very low in Ankara, Istanbul and Izmir (for men 2.9 percent and for women 7.7 percent) and very high in the villages (28.9 percent for men and 67.7 percent among women). On the other hand, occasionally newspaper reading in some villages is quite high and in some parts of Istanbul, Ankara and Izmir it is quite low. It is noteworthy that a disparity exists among the regions from the standpoint of newspaper reading. The ratio of newspaper readers drops off in our eastern and southeastern regions and rises in our western regions.

The fact that literacy among women in our country is quite low works to lower the percentage of newspaper readers among women. The low proportion of newspaper readers in the eastern regions, however, is not solely connected with the rate of literacy. It is considered likely that transportation difficulties, problems of language and social and economic relationships in these regions all have worked to lower the newspaper readership there.

9353

CSO: 4907

FORUM DISCUSSION OF CURRENT CRISIS, MILITARY'S VIEW

Istanbul MILLIYET in Turkish 13 Jan 80 pp 2, 9

[Panelists: Professor Dr Mukerrem Hic (Istanbul University Economics Faculty teaching member), Professor Dr Onder Ari (Istanbul University Economics Faculty teaching member), Assistant Professor Dr A. Ulku Azrak (Istanbul University Political Science Faculty teaching member). Moderated by Ali Gevgilili, prepared for publication by Ayce Uzes.]

[Text] Gevgilili: Turkey is entering the 1980's in a dynamic atmosphere. As crises heat up around the world, the document being called the "View" which the Turkish Armed Forces made known to the public through President Koruturk has also had a profound effect on political life.

The Armed Forces' "letter," presented by Koruturk on 2 January 1980 first to JP [Justice Party] General Chairman and Prime Minister Demirel and RPP General Chairman Ecevit at Cankaya, was at the same time a call to all constitutional bodies and parties in the nation.

It is the purpose of this forum both to evaluate the economic, social and political climate in which the "View" was given and discern the principal thoughts and proposals which take place in this document and to discuss from various angles how Turkey may arrive at the healthier conditions for which it yearns.

Professor Ari, how might the "Armed Forces' View" be appraised from the political science point of view? Where are the basic criticisms and proposals in the document concentrated? How might the sense of them be explained vis-a-vis current conditions internally and externally? What sort of characteristics may at times be taken on in modern life by the functions of the political powers, as well as other pressure groups and the army?

This is a 'Call to Attention'

Ari: The matters presented as the "Turkish Armed Forces' View" are, essentially, a "call to attention" to the entire Turkish nation. Upon examination of the letter, three basic issues are seen to stand out:

Anarchy
Terrorism
Separatism

In addition to these, "external dangers" are spoken of also, and it is pointed out that they may turn into hot conflict at any moment.

In the discussions held between the two major political parties attached to the text, the fact pointed up by the principals is that the text comes at a very good time from the standpoint of certain developments, especially in the Middle East.

As a starting point, it is stated that many tasks befall the political parties and the request is made that the national interests be put first and that progress toward the desired goals be accomplished with speed and by taking inspiration from Ataturkist nationalism, with the citizenry as partner in an inseparable whole in destiny, joy and sorrow.

Anarchy, Terrorism and "Separatism"

The three basic elements of the "View" may be appraised as follows:

1. Anarchy may be defined, in the broad sense, as "disobeying the rules." This failing has been observed in all sectors of society, even in government, for years. Looking, as this observation requires, at the stewardship, the abuse of legality in practice and whether or not the political parties, which are responsible as long as they are in power, are meticulous about ensuring equality before the law, a case may be made for the pervasiveness of anarchy. Do the parties, seeing these facts, criticize the situation openly and do what is necessary to correct it when they come to power themselves? Or, do they, with the same partisan policy, carry out a policy of balancing the former cadres with their own teams?

Is anarchy just a disease which the unknowing masses shouting in the street bring on by themselves? Or is it a phenomenon of reaction in every sector of society to the failure to apply the law equally and objectively? Might this reaction be described as a "credibility gap" which grows every day against an inferior system?

2. Terrorism may be defined as the use of any sort of "violence" to achieve a goal. The use of violence in Turkey has reached its ultimate point, which is "organized armament." It may be thought in this regard that the parties in power would be able to block terrorism, visibly at least, through the use of special techniques and the police and through the swift operation of the judicial system.

3. Separatism consists of compensations which may go so far as territorial partition, in the sense that there may be groups which have been driven to a perspective of "provocateurism" at the micro and macro level.

Something else which may be added to these basic elements in the text of the Armed Forces' "View" is the stress on the concept of "national integrity." The meaning conveyed by this concept is prevention of territorial partition through all means available in case of external enemies coming in to prey on national weakness. It also conveys the meaning of promoting the nation's ability to react as a single body against dangers from the outside. Stress on the concept of "national cohesion" comes at this point.

Army's Desires and New Middle East Crisis

The army, moreover, expressed its desire to be able to downplay its internal duty in favor of proper performance of its own primary duty against the external enemy or in case of war.

In the discussions which Prime Minister Demirel held with the commanders, the following major points came out:

1. Martial law cannot be prolonged. The army must be relieved of martial law as soon as possible and return to its primary duty.
2. Training in the Turkish Armed Forces is suffering because of martial law. While there is a situation which could turn into hot war at any minute in the Middle East, the risks in this are clear. These risks may be listed as follows:

The recent Afghanistan incident and the U.S. - Chinese desire to act in unison here attracts notice.

The Afghanistan incident may lead to the Soviet Union's loss of its attractiveness, especially at the political level.

The Canadian prime minister has suggested that the incident could perhaps lead to world war in the long run.

The Iranian incident is another risky element, and the revolution is being described from both the U.S. and Soviet angles as a threat to the other nations in the Middle East. Perhaps this may also be, at bottom, an "oil" fight or one over the "sharing without regard to borders" of Middle Eastern resources.

Another element of danger in the Middle East is the Palestine disagreement and Israel's efforts to remain in this region. This also creates new problems in which Turkey has to take sides.

British Foreign Secretary Lord Carrington makes his first trip abroad after the Afghanistan incident to Turkey, NATO Southern Flank Commander General Shears makes statements during his tour of Turkey about the Armed Forces' fitness for modern technology, the king of Jordan is making preparations for a trip to Turkey very soon, and bilateral talks with the United States are gaining momentum.

Army: What Kind of Force?

Another point in the Armed Forces' "View" is that the political parties, whether in power or opposition, are essential elements of democratic life. The political parties are institutions which influence individuals' formation of their political views at all levels of society. Another factor in Turkey is the role played by labor and management in their influence on political administrations.

Western constitutions contain few specific elements on the role of the military. In developing nations, however, the army has the following characteristics:

Being an hierarchy is the army's most effective feature as a pressure group.

Its structure allows it to work quickly and well.

It has a disciplined upper - lower relationship.

It is always on the job and ready for defense at any moment, another result of this discipline.

Perhaps these characteristics arise also from the fact that the army is the only pressure group which can seize power in certain countries by means of a radio announcement since the arms for the nation's defense are in its hands.

Constitution is Basic Element of Stability

Gevgilili: Doubtless, the political crisis in Turkey does not consist only of brawling in the streets. Society, more generally, is confronted by far-ranging shocks in all public life and its institutional structure. Mr Azrak, how does Turkey look today, especially from the standpoint of public law? What does the Armed Forces' "View" contain in this area? In particular, what agents attract notice in the present bottleneck in political power, the state apparatus and the public institutions?

Azrak: We have had a week of intensifying debate on the content and address, that is, which political powers are addressed, of the letter presented to the President by the chief of the general staff and the forces commanders as the "Turkish Armed Forces' View," and now we need to think calmly about certain matters expressed in this letter.

First of all, it would be well to mention a few of the causes behind the unrest and tension which forced the representatives of the armed forces to write the letter.

As we know, certain political individuals and circles maintain that "a pronounced instability has been evident in the country ever since the 1961 Constitution went into effect." Actually, this contention is not new. It goes to the 1960's. Yet, the instability stems from the lack of desire on the part of some political circles to identify with the 1961 Constitution and their inability to incorporate it, not from the innovations brought about by the constitution. The constitution cannot be the cause of instability, because the constitution is itself a basic element of stability and equilibrium.

Problem: War of Mutual Destruction

The aim of the 1961 Constitution was to establish a democratic and stable balance among the political powers. The real cause of the instability is that the political powers in Turkey have failed to engage in a democratic struggle within the framework of this constitution which at no time disregards the welfare of society, and instead have undertaken a "war of mutual destruction."

An important element envisaged in the constitution is the autonomy, vis-a-vis the government, of the bureaucracy, which was set up under a separate head for the first time in the 1961 Constitution. This is a system designed to protect the bureaucracy from political pressures and the ebb and flow of political currents.

The operation of this system requires, first of all, that civil service appointments be linked to the "merit" principle, envisaged in article 58 of the constitution, which means having the qualifications required for a job.

1.2 Million-Strong Civil Service Army and "Spoils System"

In Turkish political life, this principle has been completely abandoned in recent years and, instead, every administration has filled the civil service ranks with people of its own persuasion without regard to knowledge, experience and ability. Thus, on the heels of a change of power, which is actually one of the most natural aspects of political life, comes a wave of civil service appointments which is not at all natural and even takes on an air of silent revolution. Since the unwanted civil servant cannot be turned out without violating the law, new cadres must be formed for the new civil service appointments. Thus with every change of administration, new cadres are added to the old cadres, resulting in an unprecedented distension of the bureaucracy. Thus the civil service rolls in Turkey today exceed 1.2 million. This is a number resulting from party politics, not need. Indeed, the recall to the capital of about 40 governors is producing, under the name of "governors' central office," a superficial swelling in positions of this where only a small cadre is needed to perform specific services, and this situation is an unjust burden on the budget and the taxpayer.

Changing civil servants in a virtual avalanche every time the administration changes hands is a poor practice of the "spoils system" which was long ago abandoned even by the United States, which is where the practice originated. It is well at this point to recall the words spoken by American statesman and writer Carl Schurz on the subject of the spoils system as early as 1894:

"The spoils system considers all civil service posts to be the riches of the political party which wins the elections instead of giving them to the competent hands loyal to the interests of the nation, and it is no exaggeration to describe it as the greatest political crime in history."

There are no laws in the United States today similar to the Turkish Constitution to safeguard the bureaucracy as an organizational whole. But a system is in effect which takes the place of the "legislation system." And that is the "merit" system. It is seen that, in spite of the constitution, the spoils system, the origin of which is not only foreign but also quite remote in history, is favored in Turkey. As pointed out in the Armed Forces' "View," "The fact that the political parties in power fill all state echelons with persons who will act along the lines of their own political views makes division among public employees and citizens de rigueur."

It is necessary to point out here that civil service appointments of this type are going full speed ahead, even after the "letter" containing the Armed Forces' "View" has been made public.

High Judiciary Organs a Safeguard

A second important element envisaged by the constitution is the linking not just of bureaucratic procedures but also of the laws governing the legislative organs to judiciary oversight. This is an essential requirement of the modern legal state. Yet it is seen that Council of State and Constitutional Court decisions are the constant target of those who cannot stomach the constitution. It is even getting so one could say that these distinguished institutions, which are said to have been "disjoined from the national will," are using their rights irresponsibly and are prompting such questions as, "Is it the government or the Council of State, is it the Assembly or the Constitutional Court?"

What is happening here is that by setting up the high judiciary organs, which are empowered according to article 4 of the 1961 Constitution to use one division of power, as enemical to the legislative and executive organs which are empowered to use the other divisions of power, we are prone to act at times as if it were possible to make a choice.

Unifying Principle: "Mixed Economy"

To resist judicial decisions whose only aspect is the expression of substantive and legal reality as a form of political action and to create

doubts about the impartiality of the judicial organs which make those decisions and thus try to weaken legal oversight of political power is an outmoded practice in which the discontent and tension which have long racked society have their roots.

Gevgilili: Entering the 1980's, Turkey is under accumulative and pronounced problems in the economic and social areas also. Professor Hic, what influences lie at the roots of the economic problems? Might specific causative relationships be established between the so-called "View" and the social and economic problems?

Hic: In addition to the radical and separatist political trends, Turkey is also faced with another truly serious, virtual anarchy in the economic area. The "View" points out the need for the political parties and all constitutional institutions to discontinue their favoritism or support for separatist trends, to abandon their contentions, and join, with an Ataturkist approach, in "maximum commonality."

It is quite clear that the radical and separatist trends are out of line with Ataturkism. The economic framework specified by Ataturk may be described as the "mixed economy" system envisaged in the 1961 Constitution. Though this system is compatible with basic individual liberties and multiparty democracy, the economic system and policies advocated by the left and right radical trends can be applied only in dictatorial regimes. In developing nations, the mixed economy system and the development strategies practiced within this system have the best chance of ensuring rapid growth and social balance in the long run. And ensuring this will prevent the greening of radical trends. Therefore, basic maximum commonality for all constitutional institutions and political parties from the standpoint of economics -- and democracy, national integrity and the republic as well -- will be to stay in line with the mixed economy.

Mixed Economy Has Broad Framework

It is necessary to stress that social balance also is realized through the mixed economy, not central planning. This principle lies behind the "social state" concept in the constitution. There are differences of opinion as to the relative importance which should be given to social justice and growth rate goals and the relative weight of the state within the framework of the mixed economy. Public opinion in Turkey is seen to lie somewhere between these upper and lower limits of the mixed economy.

Economic Crisis and Political Agents

The major reasons for the economic problems and crises today are:

1. Radical trends have a significant effect on economic policy by taking advantage of the contention between major parties.

2. Prices of oil and imported industrial products are gradually rising.
3. Politicians have short-sighted attitudes which lead to inadequate training and bring inflation on the economy.
4. Bureaucratic tendencies to overdo public investment and oversight have been a factor in upsetting the economic balance.

In parallel with the internal problems, important changes are being seen also in foreign relations:

1. There is a balance of payments problem, and an intentional coolness and alienation from the West has occurred for doctrinaire reasons.
2. Doubtless, the "embargo" which followed the Cyprus Peace Operation has been an accelerating factor in this alienation.
3. A doctrinaire approach to economic problems has been taken with the other nations also.

In light of all these problems, it is necessary in proposing lasting economic measures to remain within the framework of the mixed economy system and to present an "economic policy package" to eliminate the components of the problems.

Crisis Will Grow Without Political Participation

Gevgilili: Professor Ari, how is the solution of all these very extensive crises and problems which Turkey is experiencing to come about? In the short and longer term, by what means are methods to be identified which are sound, lasting and democratic, and where can we turn?

Ari: Turkey's problems may be evaluated, within the framework of the warning letter, from the standpoint of the "functioning of parliament" and "what the political parties can do." In this evaluation, "political stability" and "economic growth" must be taken up together, because political stability can be realized more peacefully in conjunction with economic growth. If "political participation" is not widespread during economic development, political stability is endangered.

Flexible Political Institutions Needed

The foremost problem of developing nations is the difficulty encountered in formulating an orderly and continuous form of government. The last three years in Turkey make this point clear. The leaders of both large parties perceive events in the same way. Mr Ecevit expressed the prevailing view that "this crisis is a crisis of irresolution" when he said, "There is a government crisis and we are suffering its painful consequences. Measures taken without regard to Turkey's conditions cannot be

considered serious measures as far as true leftism is concerned." The leader who made this self-criticism and his party, however, still have not been able to come forward with a model for social democracy.

Mr Demirel, meanwhile, says, "The prevention of bloodshed, ensuring peace and security and the superiority of the law in the country is a state problem," and points out that resolving the problems must be approached through "law" and "executive power."

The causes of instability in developing nations may be summarized in three points:

Rapid urbanization and industrialization bring new problems with them. Political institutions with the flexibility to resolve these problems do not exist, however.

The social changes which come with economic development bring new economic expectations and a widespread desire for political participation among individuals, and the existing system cannot respond to this desire for democratization.

The masses seek equal opportunity and income by taking advantage of the positive material results of development. In other words, they want a greater share of the economy.

Generally, in a society, if the sectors cannot participate in policy-making in proportion to their strength and if the political parties, which are supposed to articulate their desires, cannot work effectively, a "crisis of regime" results. This is an obligation of political parties in developing societies.

In thinking over methods of solution, according to one large party, "All of society is looking for a strong limb to hold on to. It is up to the RPP, within the next month or two, to place before society the solutions which will form those limbs."

According to another large party, though, "The matter can be developed step by step. The new mechanisms needed to do this must be set up. To get out of the crisis, martial law must continue its police duties on the one hand and, on the other, find the opportunity to turn over its task to an organization that will not phase itself out."

According to Prime Minister Demirel, "We have not got to the root of the problem and, in order to do this, we need a new set of powers." The need for new laws is thus indicated. In the discussions behind the "View," the commanders suggested the following three elements as the cause of internal political instability:

1. The warning letter cannot be linked to just the passage of a few laws by the Assembly. Full cooperation of the parties must be ensured.
2. Divisiveness and lack of intelligence information in the police organization makes it difficult for martial law to operate successfully.
3. Special courts must be established instead of martial law courts to hear anarchy cases. It is difficult for the martial law courts, with their limited personnel, to handle the huge caseload.

What "Model" for Economic Crisis?

The leaders of both large parties are making a lot of proposals for dealing with anarchy. Yet, they cannot put their finger on the link between anarchy and the economic slump. They give the impression of having no duly considered model for the economy in a crisis situation. The following guidelines may be suggested on this subject:

What should be done to combat inflation in times of crisis?

What measures are there for combatting the unemployment problem?

Have models been prepared for taking advantage of domestic reserves and foreign resources in the foreign exchange squeeze?

What sort of social and economic measures are under consideration for solving the problems of the young people who comprise almost 45 percent of the Turkish population?

What kind of future can the young people who expect to enter the university every year look forward? And what about the 9 out of 10 who do not?

Looking at the behavior of the leaders in the past three years, the center-right party is seen to have approached matters with somewhat less tolerance. Its claims that its own political philosophy alone would ensure stability, that its economic approaches were the most valid course for this society in development and that it would answer terrorism with strict police practices may be summed up as the basic factors blocking the commencement of a dialogue. However, after the "View," the dialogue which had already begun on foreign policy problems has gradually begun to get down to political reality. A tradition of "information exchange and consultation" on foreign policy had been begun, but it was far from systematic in domestic policy. Indeed, the real deficiency is in this regard.

Shortcomings in Parliament Also

It would be well to take up the problem from the standpoint of parliament also.

These particular questions come to mind on the functioning of parliament:

Is there a climate in parliament today for the detailed debate of common problems?

Are powers and responsibilities used for the good of the entire nation or for the regions from which the representatives come?

Are the desires of the electorate brought to a vote before the organization settled within parliament or in the corridors of the departmental bodies concerned?

Is not a privileged circle forming as a result of "seeking the man for the job" and awarding "bonuses"?

In view of the time restriction on parliamentary discussion, a special investigative mechanism may now be considered for critical matters. Moreover, a "determination" effort in "joint report" form cannot be made in parliament and the details of many events cannot be gone into. For example, it might have been helpful at least to have aired the Kahramanmaraş incident and the problem involving not raising the flag or singing the national anthem. In transferring the incidents to the upper bodies, it might have been possible to see more closely both the depth of the scars and whether details had been lost. Doing this would, at the same time, make the authorities more credible.

Another important point is the fact that in the past 2.5 years, not one of the 94 drafts given to the Assembly was enacted. It is necessary to stress in this connection that only 38 of 719 bills have been made into law.

Soltuon is Not to Dismantle Constitution

Gevgili: Doubtless, resolution of the crisis Turkey is experiencing is still going to be realized primarily through the people and existing institutions of this society within the process of democratic development. Mr Azzak, in the framework of such an approach, where are the roads leading out of the crisis? Where may the improvements which Turkey needs to make be focused in the long and short term?

Azzak: Elimination of the tension, unrest and even terrorism which have taken on a dimension and aspect of danger in Turkey today depends on a radical change in the forms of political behavior. In particular, the functioning of both the civilian bureaucracy and the police forces must be ensured through an impartial and energetic administrative policy. There is no need to change and tighten up by law the system of basic rights and freedoms envisaged in the constitution in order to do this, because the terrorist are not taking advantage of the freedoms to engage in their actions. On the contrary, these activists are waging war on the freedoms.

Nevertheless, there is a need for some action conducive to the realization of safeguards of the basic rights and freedoms which the constitution and the laws envisage. But if, in spite of this, it is said, "Legal measures must absolutely be taken," and it is desired that restrictive changes be made in the laws incorporating in particular the statutes related to the basic rights and freedoms, then this will probably be done, and Turkish political life will once more undergo this sort of experimentation.

Just like the desire to stop anarchy with constitutional amendments in 1971-72, it will be seen that nothing is gained unless these legal changes bring revision of political behavior also.

If Election Law Changes

By making certain changes in the election laws, for example, measures may be envisaged just to put government formation on a sounder base than it is today in parliament. However, care must be taken not to let these measures incorporate a system to hamper accurate reflection on parliamentary arithmetic of the public views expressed at the polls. On the contrary, the election laws must be overhauled for the purpose of increasing electoral participation and it must be made possible for citizens living abroad to exercise the franchise as is done in other nations, West Germany for example.

Those who desire stability in the country must, first of all, abandon the idea of government under the tight control based on the myth of a metaphysical and fictional "national will," which was a product of the French Revolution 200 years ago and has long since been abandoned there, and must adopt a mode of political behavior compatible with the autonomous, impartial, stable and tenable principles of government which the 1961 Constitution clearly envisages. The Armed Forces' views on this point are entirely accurate and justified.

The political argument which has been going on over the high judiciary organs must now come to an end and there must be no more attempts to denigrate the right and legality of judicial decisions or to weaken their impact on the social conscience.

Constitutional Respect and Reform Needed

On the other hand, the negative and unfair campaign which has been going on for years against the innovations introduced by the 1961 Constitution must be set aside, along with the political pressure on the constitution, and serious thought must be given to the measures by which a forward-looking change of order which it envisages can be brought about. First of all, priority must be given to measures to eliminate the social and economic pressure on the low-income and disadvantaged masses of people. For example, the great void left by the Constitutional Court's rescission of the Land Reform Act has put the peasants who had gained rights and

authorities based on the procedures which had been carried out in accordance with this law in positions open to serious doubts and worries. Quickly making a new law to replace the rescinded one is conditional to the preservation of social peace and contentment in the areas where the reform measures had been applied.

In addition to all this, tax reform also must be realized absolutely and without delay in light of the principle of "just taxation" envisaged in article 61 of the constitution.

Economic Solution Grows Harder

Gevgili: The success of political solutions is deeply related to the strength of economic relations encompassing political life. Professor Hic, where are we likely to see the routes to economic solution in the Turkey of the 1980's? What are the economic problems that must be put on the agenda at once and how are they to be resolved?

Hic: Priority must go to thorough comprehension of how important the problems which lie ahead are. Just as certain politicians have failed to comprehend fully the negative impact of anarchy, it is seen that the importance of economic problems is not understood either.

The serious economic problems today may be summed up in the following major points:

1. Foreign deficits and debts are growing every day.
2. Inflation is surging full speed ahead.
3. The growth rate and investments are declining.
4. Unemployment is increasing every day.
5. There are serious lacks and shortages, with energy at the top of the list.
6. The marketing and price mechanism is virtually being destroyed by smuggling and the black market.
7. The business climate is being pushed to extremes within these shortages.
8. Political and economic insecurity prevents productive investments.

These economic problems have mushroomed because of both erroneous policies applied since the 1970's and outside influences such as increasing oil prices.

The point which must be stressed here is that the effects of the erroneous internal policies applied in the stages undergone in the 1970's play a larger role in the multiplication of problems than the external influences. And solution will be even harder in future years, because the problems have grown, becoming persistent.

The KIT [Public Economic Enterprises] deficit exceeds 150 billion liras. Turkey's oil bill may reach \$2 billion to \$2.5 billion, taking into account expected oil price increases.

In this case, even if the best policies are followed within the mixed economy in the years ahead, solutions can no longer come in the short term. And this may lead to serious dangers, to wit:

The delay of solutions will be attributed to the mixed economy policy and relations with the West. Discontent created by the failure to resolve economic problems will lead to vicious circles, and this will lend strength to radical tendencies.

What Kind of "Measures Package"?

A package of economic policies remaining within the mixed economy should include the following:

1. An effective mixed economy system must be understood to include oversight of private sector investments and foreign investments and to take them as an extension of public investments. This system, which would be more "liberal" than the present one, must feature elimination of excessive state supervision and making full use of the dynamism of the private sector.
2. A new schedule must be arranged in the short term for urgent procurement of foreign loans and credit and the postponement of existing loans. A basic condition for this is to reach agreement without delay with the IMF and OECD. Moreover, talks with Middle East nations on agreements for the procurement of oil and credit must be concluded and possibilities for exportation, contracting and the flow of workers to these nations must be developed.
3. The worsening trend in political and economic relations with the West must be improved. In this context, positive steps must be taken towards reconciliation on Cyprus which led to the breakdown in military relations with the United States. The "freeze" on relations with the EEC must also be lifted.
4. Relations with the other nations must be strengthened also, especially the USSR and COMECON.

5. The social imbalances created by inflation must be eliminated. This can be accomplished by rewriting the tax schedules and revising the subsistence level.

Inflation and the KIT's

6. The rate of inflation must be lowered as much as possible. It is not possible to stop inflation all at once, but the following measures may be effective in bringing it under control:

It is necessary to put a freeze on KIT hiring and reduce personnel in the course of time.

Investments in the KIT's should be reduced as much as possible. Applicable sectors should be opened up to the private sector.

Revisions must be made to ensure more productive work in the KIT's.

Wasteful spending in the budget must be halted.

A fair tax reform must be made.

Investments must be cut back and production increases accomplished, primarily by putting idle capacity to work.

7. Priority must be given to raising energy production. These measures may be suggested for this:

Domestic petroleum production should be raised by making use of foreign private capital.

Lignite production may require controlled use of the private sector.

As yet unfinished thermal and hydroelectric power stations must be completed as soon as possible.

Construction of small-scale hydroelectric stations which require less investment must be planned.

Forestry must be developed.

Use of solar energy, even if limited, must be supported.

Inner city public transit must be developed, and heating energy losses must be prevented.

It is necessary to work toward removal from the private sector of industrial needs that push up imports. To do this, the rate of local manufacture of import substitution goods must be raised.

Besides this, it is necessary to support exportation and the other industries which bring in foreign exchange. In this context, a foreign exchange rate policy must be pursued which ensures the flow to this country of foreign exchange from workers abroad. Agricultural production must be raised in order to raise export potential. Moreover, it would be well in the long run to support the building sector, which has minimal negative effects on the balance of payments but has a high job-producing effect.

Towards "Tomorrow"

Gevgilili: Turkey's political, social and economic problems going into the '80's with the document called the Armed Forces' "View" have been summed up in this forum as follows:

1. Turkey has been the scene of rapid and dynamic development, though the innovations and changes entailed by this development both in the economy and in political and social life have not been realized concurrently. As a result, there are serious problems, and pronounced internal unrest has occurred.
2. The mark of the new era is the emergence of overwhelming events coming to the fore in the international arena and the profusion of specific hot spots in Turkey's immediate neighborhood. In the 1980's, Turkey is having to ensure the least effect upon itself of these external influences and to reexamine its structure so as to thrive as a more developed, democratic society. It may be pointed out as an example that the houses of parliament have passed very few of the draft laws coming before them in recent years.
3. It is seen today also that solutions are being sought in the passage of an urgent set of laws especially concerning public life and the police forces. Thoughts going so far as constitutional amendment are at issue. However, the experiments in that direction in the 12 March period did not produce the expected results but, perhaps, just the opposite, because Turkey's crisis is not in the constitution, which is, in a way, its strongest safeguard of a democratic future, but in the fact that democratic participation in the society has yet to be realized adequately and effectively. And from this standpoint, it may be said that the most effective long-term solution is to turn Turkey toward an effective, dynamic civilian society.
4. The difficulties suffered in the economic area are Turkey's failure yet to realize an effective tax reform and the failure of the relationships which guide the economy as a whole, of the bureaucratic structure, to gain a modality geared to and responding quickly to the needs of the day.
5. Life has shown that the time is past when economic, social and political problems could be solved staying to oneself in the world. If Turkey is to get out of the crisis, it can accomplish this by gradually opening

up to the outside, at the same time within a world whole, and striving to benefit from all that multilateral relations make possible. The agenda of the future calls, in this sense, on the institutions and powers contained within Turkey's present structure, first among them the political parties, to seek multidimensional common solutions within the framework of just such a "broad participation" model. Let us say that these things answer the yearnings of the Turkish people in the world environment, and may they be realized so as to ensure it a bright place in the future.

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CSO: 4907

COUNTRY SECTION

TURKEY

MINISTER CANCELS TRANSPORTATION, WORK PROJECTS FOR VILLAGERS

Istanbul CUMHURIYET in Turkish 13 Jan 80 pp 1, 11

[Text] Ahmet Karayigit, Minister of Village Affairs and Cooperatives, announced that he has cancelled the Transportation Project for Villagers (KUP) and the Work Project for Villagers (KIP) saying, "The projects were unsuccessful and unproductive. They could have been successful in only one respect, as window dressing. However Turkey has need for real services, not window dressing."

Minister Karayigit stated in his announcement that 40-45 percent of the program called for in the KUP project had been accomplished and said further, "Manpower and machine power had been programmed in this project to work in harmony, however as it worked out the manpower realized was 11 hours and the machines were operated 3-4 hours. Under such conditions unused machine-power capacity of 7 hours a day developed."

Karayigit said that this situation played a large part in the idling of qualified workers, and "while qualified workers were laid off, hastily trained employees were placed in charge of heavy machinery. Untrained persons have not been able to work productively."

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CSO: 4907

TURKES CALL FOR LAND, AGRICULTURAL REFORM

Istanbul HERGUN in Turkish 11 Jan 80 pp 1, 7

[Text] Alparslan Turkes, secretary general of the MHP [Nationalist Movement Party], in a speech presented before a gathering arranged by the Association of Graduate Agricultural Engineers to commemorate the 134th anniversary of agricultural instruction in Turkey and the first Agriculture Week said, "Agricultural production has attained an importance in our day which rivals that of atomic weapons." He said, "The development of Turkish agriculture requires the achievement of realistic land reform." In his speech, given in the assembly hall of the Union of Chambers, Turkes said, "Agriculture is maintaining its important place within our country's economy. Sixty percent of our people work in agriculture and live in villages, the majority of our exports is made up of the traditional agricultural products.

"Our people who work in agriculture today are not in a position to enjoy the benefits of the social state in proportion to this degree of importance. Our people have been waiting for years for the roads to reach their villages, for the light which will brighten their homes, for the medical personnel who will vaccinate their children. However, it is possible that this waiting period will be even more prolonged in the face of problems which have been piling up in our country for years and the needs of our increasing population.

"For years we have been advocating agricultural towns which would bring service locations near to the villager and reduce this waiting period. It is our national view which calls for agricultural towns to disseminate services to the villager most widely and in accord with principles of social justice without wasting the country's resources and for the establishment of agricultural industries.

"Some persons have stolen our idea, changed the name to Koy-Kent and because they did not understand the essence of the idea, the concept, they have brought the issue to an impasse. First of all the noun "kent" has the meaning "city" and the persons who introduced this term to the agenda are ignorant of the fact even that the term koy-kent [village-city or town]

is a contradiction in terms. The essential thing is the formation of agricultural towns. It is the agricultural towns which will rescue the cities from the unplanned population flow to the shanty towns which have enveloped them.

"Agricultural production has gained an importance in our age which will contend with that of atomic weapons and has become one of the foremost issues in relations among nations.

"Our country is one of seven in the world capable of feeding itself and, with a potential of 300 million [sic] will be able to maintain its importance in exports. However, the stage must be reached without further delay at which we are capable of meeting the requirements for investment and input from indigenous resources. Land registration, boundary disputes and pasturage are important problems facing the villager. These problems must be resolved in priority fashion in order to bring our farmers up to contemporary production methods. The resolution of these disputes, the organizing of our villagers, improved effectiveness of cooperatives, raising production above contemporary averages call for realistic land and agricultural reform. We wish to see the legal groundwork laid to bring about a resolution of the Turkish villager's problems as soon as possible.

"We see our villagers as struggling for human dignity and to achieve a better living standard, achieving an economic democracy. Therefore, our villagers shall be organized in a manner consistent with social democracy, they shall become owners of their means of production and they shall obtain income apart from farming by investing their own savings. For this purpose, producer and consumer cooperatives must be formed and organized."

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